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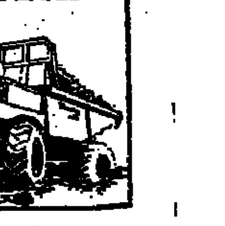

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NEWS SUMMARY

GENERAL

Big bomb cache found in Belfast

A weekend discovery of hundreds of pounds of explosives in Belfast may have averted an attack on the loyalist Orange Parade today....

Police raided the premises in Clifton Street after noticing unusual activity. Its site is 150 yards from the Orange Hall from where the procession is due to move off.

Martin Flannery MP, vice-chairman of Labour's Northern Ireland committee, denounced the swoop by security forces on the IRA firing party at Friday's funeral of hunger striker Joe McDonnell as "blundering, dangerous and insensitive."

The man seriously wounded by the Army then is said to be Patrick Adams, brother of Provisional Sinn Fein vice-president Gerry Adams. H-block hopes fade, Page 6

Warhead on way

Chevaline, Britain's £1bn military spacecraft armed with nuclear warheads, is expected to enter service with submarine HMS Renown early next year. Page 4

Oil tanker blast

Lightning struck the Japanese oil tanker Hakuyoh Maru, anchored at Genoa, causing an explosion in which six were feared dead.

West Bank hope

Israel wants to resume suspended negotiations with Egypt and the U.S. on Palestinian autonomy in the occupied West Bank and Gaza Strip. Page 2

Gibraltar plan

Spain is expected to offer measures to integrate Gibraltar into daily life of the mainland, as a gesture to Britain when EEC foreign ministers meet today on its request to join the Community.

Mitterrand visit

President Francois Mitterrand arrived in Bonn with an eight-strong Cabinet team for talks with Chancellor Helmut Schmidt. Page 2

Kampuchea blow

Vietnam and the Soviet Union condemned the UN conference on Kampuchea, which opens today, scotching hopes of Vietnamese attendance. Page 2

Gang victim

A Naples butcher who refused to pay protection money was machine-gunned to death in his shop, the city's 100th victim of gang warfare this year.

Gas strike today

British Gas managers will provide emergency cover in the northern region after falling out with unions over safety plans in the industry's national strike today. All showrooms will be closed. Page 6

Sinbad successor

An Arab dhow captained by British adventurer Tim Severin reached Canton, southern China, after a seven-month, 6,000 mile voyage from Muscat to test the legendary route of Sinbad the Sailor.

Briefly . . .

Royal wedding coverage on BBC-TV will start at 7.45 am.

"Handless corpse" jury spent their Sunday deliberating, the sixth day out.

Merseyside twins were ordained as Anglican priests.

Springbok tour opponents in New Zealand pledged a non-violent civil disobedience campaign.

BUSINESS

Further fall in inflation unlikely

● ANNUAL INFLATION rate is unlikely to show a further significant slowdown in the next few months from the current 11-12 per cent. The 12-month rate will almost certainly not fall to 10 per cent by the year-end as the Treasury forecast in March. Back Page

● UK GOVERNMENT is coming under increasing pressure to restructure its North Sea oil and gas tax policies. Page 4

● SOME BIG EXPORTERS to the U.S. and those trading worldwide in dollar-priced products plan to mount more aggressive assaults on these markets because of sterling's fall against the dollar. Page 6

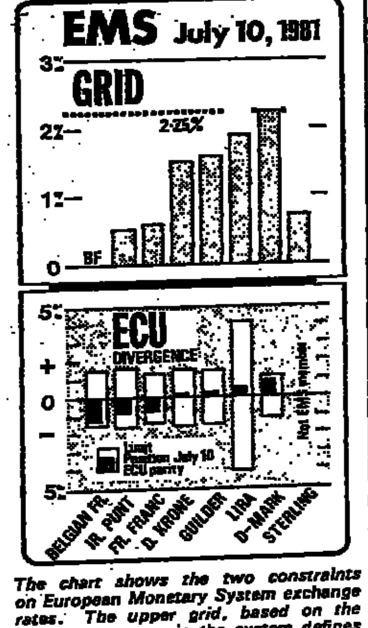
● TEXTILE MAKERS hardened their stand on the eve of the Gatt Multi-Fibre Arrangement talks. Page 3, Editorial comment, Page 16

● BRITISH PRINTING Corporation's Park Royal works could have a receiver called in today if a SOGAT meeting refuses to implement a survival plan agreed by the union in April. Back Page

● ITALIAN GOVERNMENT and financial establishments will be anxiously watching the reopening of Milan stock exchange today after the announcement of measures intended to arrest share price falls. Page 28

● UK INSURANCE composites are expected to incur underwriting losses this year 50 per cent higher than last year's poor figures, according to stockbrokers Rowe and Pitman. Page 20

● UK BIG FOUR BANKS' pre-tax profits are estimated to have fallen by a tenth in the first half of this year. Page 4



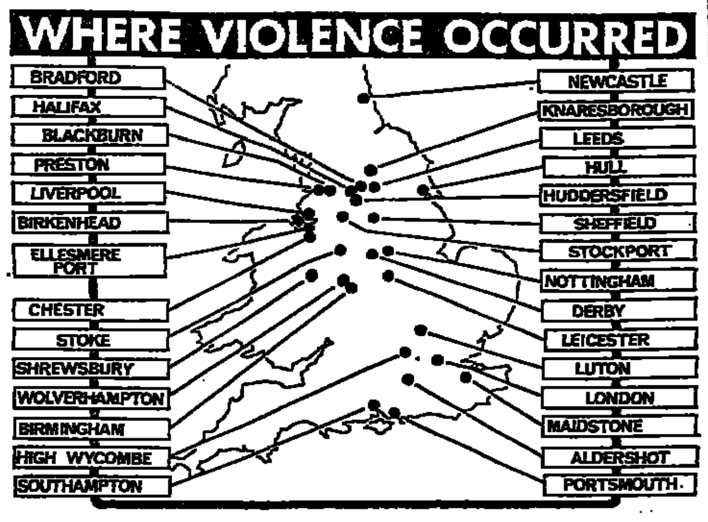
The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

● CURRENCIES showed little change within the European Monetary System last week, but continued to weaken against the strong dollar. The D-mark was again at the top of the system, while the Belgian franc remained the weakest currency. The French franc declined on balance and had a volatile trend on market nerves following publication of the Socialist Government's nationalisation programme.

Firm U.S. interest rates depressed the European block of currencies against the dollar, however, with the D-mark falling to its lowest level since September 1976. The lira touched an all time low against the dollar and the French franc was at its lowest since the introduction of the new franc in 1960.

Crisis puts pressure on Cabinet to review economic strategy

BY MARGARET VAN HATTEM



NINE CONSECUTIVE nights of violence, culminating in a weekend of rioting, looting and arson in more than 30 towns and cities across Britain, have convinced the Government that it faces a major social crisis.

Senior Ministers are expected to meet today to consider ways of reasserting control, including possible emergency legislation. Cabinet ministers suggest that this could require Parliament to extend the present session until the end of August.

Police across the country were last night bracing themselves for another night of unrest, following two nights of destruction in which hundreds of police were injured and more than 1,000 people arrested.

Mrs Thatcher and her chief economic ministers are likely to come under increasing pressure over the next week to modify their economic strategy which is widely seen, even by some in the Cabinet, as contributing to social upheaval.

However, there were already signs last night of a rift between ministers, such as Mr James Prior, Employment Secretary—who considers unemployment a major factor underlying the violence—and those such as the Prime Minister, Mr William Whitelaw, Home Secretary, and Mr Francis Pym, Leader of the Commons, who apparently do not.

Weekend violence round-up, Page 5

Mrs Thatcher and Mr Whitelaw, who remained in touch by telephone throughout yesterday, maintain that the latest outbreaks are largely examples of "criminal hooliganism."

They are giving priority to bringing home the consequences of violence as quickly as possible—by speeding up court processes both for offenders and for those seeking compensation.

The Government last night appeared anxious to play down the extent of the violence, insisting on a qualitative and quantitative change in the nature and scope of the violence. Many of the reported incidents, it was pointed out, were small scale examples of "plain criminality."

Mr Whitelaw, in a BBC radio interview, said that the violence had moved from a first phase of confrontation into a phase of "criminal hooliganism from many people who have no motives other than simply greed and criminal activity."

He rejected suggestions of political organisation behind the rioting—"criminal hooliganism cannot be designed"—but said there could be no doubt that political extremists were latching on to disorders once they had started.

He added that the major need facing the country was to ensure the protection of the police.

In spite of Mrs Thatcher and Mr Whitelaw's evident determination to keep cool heads and retain what they term "a sense of proportion," there is a growing sense of panic among backbenchers, a feeling that the Government has not fully appreciated the extent of the crisis and has neither the confidence nor the leadership to deal with it effectively.

Mrs Thatcher, who did not cancel weekend engagements and last night attended a charity performance of the Whitehall farce Anyone for Denis?, visited police at Scotland Yard and Brixton earlier in the weekend and was reported to have been "very impressed" by their command of the situation.

However, Mrs Thatcher's determination to remain cool is likely to be severely tested over the coming week as she faces an onslaught from all sides.

Right-wing Tory backbenchers have already started to press for tough measures, including riot control weaponry, a new Riot Act, the introduction of troops and Press censorship.

Those on the Left of the party are likely to throw their weight behind Mr Prior, whose major package of measures to alleviate youth unemployment is due for discussion by senior ministers on Thursday.

Bankers prepare new plans for private shareholding in BNOC

BY RAY DAFTER, ENERGY EDITOR

MERCHANT BANKERS N. M. Rothschild and S. G. Warburg are preparing a new scheme to raise hundreds of millions of pounds for the Government from the sale of shares in state-owned British National Oil Corporation.

Plans for private shareholding in BNOC were shelved in March when the Government dropped the necessary legislation from the parliamentary timetable, partly because of pressure of business but also because of the luke-warm attitude of some Cabinet members. Mr David Howell, Energy Secretary, is planning to reintroduce the Bill in the next session.

It is understood the basic concept remains unchanged. The public is to be offered a stake of up to 50 per cent in BNOC's exploration and production interests. If this move were taken in one step it could raise the Government more than £1bn.

However, the Government, the corporation and their advisers doubt whether the market could absorb such a large issue. It is therefore likely that a smaller tranche of shares would initially be offered to the public—late next year or in 1983, assuming that the necessary legislation is introduced and carried.

Preliminary work on the resurrected plan has already begun. BNOC is being advised by Rothschild, which was appointed by the corporation last summer. Warburg is acting for the Government although a number of advisers are likely to be appointed if the issue gets off the ground.

The sale could represent the most ambitious part of the Government's general scheme to introduce private capital into state-owned corporations. In the energy sector a start has already been made with the proposed sale of British Gas Corporation's half interest in the Wytch Farm oil field in Dorset and the planned phased sale of the corporation's gas appliances business.

Unlike Sir Denis Rooke, the British Gas chairman who has been fighting these proposals, Mr Philip Shelbourne, chairman and chief executive of BNOC, has been co-operating with the Government.

In the latest annual report of the corporation Mr Shelbourne says: "I feel sure that the public will welcome these opportunities to participate more closely in the North Sea."

Under the Government's proposals, the oil trading arm of BNOC would be retained fully under state control in the interests of national energy security. The exploration and development business, or part of it, would be hived off to a subsidiary. This would be the vehicle for the private funding.

Opposition energy spokesmen have already warned that a future Labour government would renationalise BNOC.

New safeguards on Iraq reactor

BY DAVID FISHLOCK, SCIENCE EDITOR

FAR TOUGHER safeguards against any possible misuse by Iraq of its French-built Tamuz-2 nuclear reactor would have been imposed as soon as the reactor became operational, the International Atomic Energy Agency has disclosed.

This safeguards regime must be accepted by Iraq before France or anyone else will agree to replace the reactor, which was destroyed in a raid by the Israeli air force last month.

The strengthened safeguards regime—believed to be more stringent than those on any reactor in the world at present—required inspections by the agency every two weeks to ensure that the reactor was not making nuclear explosives.

A tamper-proof automatic camera would also have been installed by the inspectors to record any unauthorised changes to the reactor core.

The core of this type of reactor is easily visible deep in a pool of crystal-clear water, illuminated by the core's own radiation once it is operating.

Any failure on Iraq's part to accept the new safeguards regime would be automatically reported by the agency to the Security Council of the UN.

No member of the non-proliferation treaty has rejected a safeguards regime proposed by the agency.

The agency has broken its own very stringent rules on confidentiality over the details of its nuclear safeguards agreements with individual nations, following allegations in U.S. congressional senate hearings by one of its inspectors.

Dr Roger Richter, the U.S.-appointed inspector, who has Israeli family connections, accused the agency of failing to impose sufficiently tight safeguards on Iraq's reactors.

The agency says that much tougher safeguards had been planned since last October, but completion of the reactor itself was delayed by the Iraq-Iran war.

The agency sacked Dr Richter on July 2.

Dr Sigvard Eklund, director-general of the agency, warned last week that Dr Richter's misconduct had raised some fundamental issues concerning the security of confidential information received from member states.

"I can well appreciate the serious concern of the member states which I fully share. The confidentiality of information relating to safeguards is basic to the whole philosophy of the agency's safeguards operation," said Dr Eklund.

He told the agency's board of governors that Dr Richter's testimony had been a serious case of unauthorised supply of information, and violation of the trust placed in the integrity of a safeguards inspector in his capacity as an international civil servant.

Dr Eklund hoped that Dr Richter's behaviour would not encourage countries with facilities under safeguards to reject inspectors from certain countries — "and further complicate the process of designation of safeguards inspectors

Dr Eklund stressed that his inspectors had never found anything amiss either at the two Iraqi reactors under safeguards or in the stocks of fuel for these reactors.

AP adds from New Delhi: India will not allow international inspection of its fifth nuclear power plant, due to be built in western India, the Government announced at the weekend.

An official statement said the fuel, heavy water and technology for the proposed project would not be dependent on "outside agencies," and the reactors would be outside safeguards restrictions.

So many holes to plug, Page 16

Kania wins point ahead of Polish Party talks

By Christopher Bobinski and Roger Boyes in Warsaw

MR STANISLAW KANIA, the Polish Communist Party leader, won a vital point at the weekend in his bid to control the special Party congress which begins in Warsaw tomorrow.

In a surprise break with tradition, the committee organising the congress decided on Saturday to recommend electing the party leader at the start of the meeting instead of the end.

Mr Kania is favourite for re-election and a vote at the outset of the five-day talks would greatly strengthen his control over the congress, which will decide on major economic and political reform for the country.

The decision to recommend an early vote was made by the Central Delegates Commission, an ad hoc body set up to prepare the congress, which represents delegates of each of the 49 Polish provinces.

Congress delegates are likely to accept the proposal although it is probable that a hardline minority anxious to weaken Mr Kania will try to postpone an early vote.

The Warsaw delegation, which is strongly hardline, opposed the proposal for an early vote despite appeals by Mr Stanislaw Kociolek, the First Secretary for Warsaw and a close ally of Mr Kania.

The Polish Central Committee issued draft guidelines for the congress at the weekend. The main focus of the guidelines is that, in future, the ruling Politburo should become more accountable to the Central Committee. The Party congress, which will choose a new Central Committee, is made up of delegates who for the first time in an East European State have ben selected in multi-candidate elections and through closed ballots.

There is clearly considerable concern to avoid making the congress seem too radical a challenge to the system, for fear of antagonising Moscow.

Reflecting this, Mr Stefan Bratkowsky, head of the Polish Union of Journalists and an influential reformist in the party, warned yesterday ath while the congress should not allow hardline conservatives to gain the upper hand, it should not be drawn into anti-Soviet postures.

Solidarity, the independent trade union, should also, according to Mr Bratkowsky, muffle any overtly anti-Soviet actions.

"The workers themselves

Continued on Back Page

Talks at Vauxhall arouse fears for another 3,000 jobs

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

VAUXHALL MOTORS' unions and management are to meet tomorrow amid growing speculation that the company is to announce yet more redundancies.

At the same time the unions are worried about the long-term future of Vauxhall's commercial vehicle subsidiary, Bedford.

Vauxhall said in January that it would cut the workforce by 5,700—or about one in five of the 29,000 then employed—by means of early retirement and voluntary redundancies. Last month it called for a further 360 voluntary redundancies.

Fears are growing that Mr Ferdinand Beickler, the chairman, will announce more job losses at the meeting tomorrow which may total between 1,500 and 3,000. Indirect staff could be badly affected as the company is automating office procedures.

Whatever the outcome, the unions will raise the issue of Bedford's future. This follows an announcement by General Motors, the U.S. parent group, on June 25 that its worldwide truck and bus operations are to be reorganised again.

The statement gave no guarantee that the existing manufacturing operations would be retained, only that there would be no change in "truck nameplates."

The unions are worried that this will result in a speeding-up of the previous tendency for GM to sell commercial vehicles made by Isuzu of Japan but bearing Bedford badges. GM owns 34.2 per cent of Isuzu and the Japanese company is included in the latest re-organisation.

As evidence, the unions point to the "indefinite postponement" of the programmes of replacement for the Bedford CF and HA vans by vehicles code-named XV5 and XV3 respectively.

Within GM, "indefinite postponement" usually means "cancellation" and the Vauxhall employees suggest that Isuzu products will be used to fill the resulting gaps.

There are also strong indications that shipments of semi-finished medium-weight trucks from Britain to Nigeria—one of Bedford's best overseas markets—will be discontinued from September and that the market will be supplied by Isuzu although the Bedford name will continue to be used.

Bedford is fast losing its full-scale capability to design and develop trucks because responsibility was switched some time ago to GM's "world truck project centre" in Warren, Mitchigan.

When GM restructured its European operations in the mid-1970s, Bedford was given responsibility for commercial vehicles and Opel, GM's West German subsidiary, was to take the lead for car design and development.

Subsequently Vauxhall has become mainly an assembler of Opel products (only the old Chevette, made at Ellesmere Port, is manufactured in Britain) and the unions are concerned that something similar will happen to Bedford.

The unions claim that Bedford models have already been replaced in Far East and Middle East markets and that Africa will be the next area to be switched to Isuzu products.

Tourism facing deficit

BY ARTHUR SANDLES

IT NOW seems certain that Britain's tourist business will decline this year, in spite of the attractions of the Royal Wedding and falling pound. The UK may show a net tourism deficit for the first time in years.

Airports, airlines, tourism officials and hoteliers during the weekend all confirmed reports that the number of visitors is lower this year than last — which itself showed a marginal decline over 1979. London will have plenty of room for visitors in wedding week.

Britain's net overseas earnings from tourism (spending by the British abroad when compared with spending by foreigners in the UK) has been falling in recent years and reached £208m surplus last year compared with more than £1bn in 1977. If the travel industry's worst fears are realised, this could become a deficit of £250m this year.

"There is no doubt that fewer people are coming," said Mr Clive Derby, chief executive of the British Hotels Restaurants and Caterers Association. "This is prticularly true at the upper end of the market and especially the case with Americans. Many people have simply given London a miss."

The British Tourist Authority has diverted tens of thousands of pounds to the American market to underline the value Britain offers since the pound fell.

The BTA puts on a brave face. "We were 10 per cent down in the first quarter but

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Assad meets Gadaffi in Libya

By Ihsan Hijazi in Beirut

SYRIA'S President Hafez Assad is holding talks in Libya with Col Muammer Gadaffi and is due to move later to Algeria for consultations with President Chadli Benjadid.

While the objective of the surprise visits was not formally disclosed, Arab diplomats said Mr Assad was seeking an emergency meeting by his Arab allies, members of the "Confrontation Front," amidst signs of a hardening by Damascus of its policy in Lebanon and the Middle East generally.

The "Front" comprising Syria, Libya, Algeria, South Yemen and the Palestine Liberation Organisation, was formed about four years ago to oppose President Anwar Sadat's peace initiative with Israel.

Mr Assad arrived in Tripoli on Saturday only hours after Mr Yasir Arafat, the PLO chairman, had held talks there with Col Gadaffi.

Mr Assad's trip has coincided with the presence in the region of Mr Philip Habib, U.S. special envoy, who is still trying to alert a confrontation between Syria and Israel over the Sam-6 missiles which Syrian troops have deployed in Eastern Lebanon.

Syria's top army officer, General Mustafa Tlas, the Defence Minister, announced on Saturday that the missiles will not be removed and that Syrian forces stood ready to counter any Israeli military action which may be aimed at the Soviet-made missiles.

U.S. RESPONDS TO ISRAELI N-PLANT RAID

Washington wants advance warning

BY DAVID LENNON IN TEL AVIV

A SENIOR State Department official begins talks in Israel today in an effort to persuade the government to consult with Washington before using U.S.-supplied weapons in operations such as last month's attack on Iraq's nuclear reastor.

The resumption of U.S. shipments of F-16 fighter aircraft to Israel may depend on the outcome of the talks. Washington suspended delivery of four of the sophisticated jet fighters last month after this type of aircraft was used in the attack on Iraq. Six more F-16s are due to be delivered to Israel this Friday.

The U.S. feels that by using the F-16s Israel violated a 1952 agreement that U.S.-made weapons would be used solely for defensive purposes. Washington does not accept Israel's argument that bombing the reactor was a defensive action, and wants Israel to consult with it before launching future attacks of this nature.

Israel has rejected the U.S. position, arguing that all its military actions, including the bombing of the reactor, are defensive. Because of this the two countries have been unable to find an agreed formula on the future use by Israel of U.S. supplied weapons.

In an effort to find a compromise Mr. Alexander Haig, the Secretary of State, has sent his aide, Mr Robert McFarlane, a State Department councillor, to Israel. Mr McFarlane will meet Mr Menahem Begin, the Prime minister, and other officials.

Mr Philp Habib, the U.S. special envoy, meanwhile returned to Israel last night on round three of his shuttle diplomacy aimed at defusing the Israel-Syrian missile crisis.

AP reports from Beirut: Israeli aircraft raided Palestinian guerrilla bases yesterday near the southern Lebanese coastal town of Damour and surrounding hills, Beirut Radio and the Palestine news agency reported.

Tel Aviv 'ready to resume autonomy talks'

BY OUR TEL AVIV CORRESPONDENT

ISRAEL would like to resume the suspended negotiations with Egypt and the U.S. on Palestinian autonomy for the occupied West Bank and Gaza Strip, Dr Yosef Burg, the head of the Israeli negotiating team, said yesterday after a Cabinet review of the state of the talks.

By raising the issue now, the Cabinet is endeavouring to preempt what is certain to be Egyptian and U.S. pressure for greater Israeli flexibility now that the general election is over.

Egypt halted the autonomy negotiations in May, 1980, after more than a year of talks had failed to produce any substantive progress on the nature and scope of the autonomy to be granted the 1.2m Palestinians living under Israeli occupation since 1967.

Both Egypt and the U.S. want the Palestinians to have more independence than Israel is prepared to concede. The Palestinians themselves have refused to take any part in these talks, which are based on the agreements reached at Camp David.

The autonomy negotiations are expected to be one of the main topics at the planned summit meeting in Alexandria between President Anwar Sadat of Egypt, Mr Menahem Begin, the Israeli premier, at the end of this month.

Anthony McDermott adds from Cairo: President Anwar Sadat said on Saturday he would urge the Palestinians to talk directly with the Israelis. He would also attempt to give a new impetus to Middle East negotiations when he meets President Reagan in Washington next month.

Egypt takes steps to strengthen its pound

BY ANTHONY McDERMOTT IN CAIRO

THE EGYPTIAN Government has taken steps to relieve mounting pressure on the Egyptian pound which has been forcing down its value on the country's unofficial foreign exchange market.

Unofficial exchange dealings take place on the so-called "own market." It operates outside the main banking system and in effect presents a black market rate for the local currency against the dollar. This rate has risen as high as 90 piastres (E£0.90) recently. The official rate, governing central and commercial bank operations, has been 70 piastres

The main measures, announced by Mr Abdul-Razzak Abdel-Meguid, the Deputy Prime Minister and the man responsible for Egypt's economy, are:

- Deposits placed by importers with their banks against the purchase of essential commodities can now be made in local currency instead of dollars;
- Egyptian pound deposits with commercial banks will carry 10 per cent interest rates, up from 8.5 per cent, after August 1 to reduce the attraction for depositors of transferring their capital into dollars
- Devaluation of the official rate by 10 per cent, to narrow the gap between it and the "own market" rate and encourage a bigger role for the commercial banks in the purchase of repatriated dollars.

India fights inflation with monetary measures

By K. K. Sharma in New Delhi

THE INDIAN government announced a series of measures at the weekend aimed at curbing the rate of inflation.

The measures are designed to restrict money supply and bank credit and to reduce the amount of "black money" (that not declared for tax purposes) in circulation in the economy.

They include an increase in the bank rate b yone percentage point to 10 per cent, the first such rise since 1974. In addition banks have been told to raise the statutory liquidity ratio from 34 per cent to 35 per cent of deposits. This follows a rise in the cash reserve ratio from six per cent to seven per cent in May.

Selective credit controls have also been introduced. The Reserve Bank of India said the package of measures was needed to reduce the growing liquidity in the economy.

The year-on-year rate of inflation in India is presently put as around 12 per cent. In 1980 the figure was 22 per cent, but the Government still wants to bring the level down further, and additional measures to combat price rises are expected later this week.

Irish oil hopes suffer setback

By Ray Dafter, Energy Editor

IRISH hopes of becoming an important oil producer have again been dampened with the announcement from British Petroleum that a well drilled on one of the most promising structures failed to encounter significant quantities of oil or gas.

The well was located on the heavily-faulted Porcupine Basin geological structure in the Atlantic, some 100 miles west of Galway. It was sunk near two previous wells which tested oil at 5,589 barrels a day and 1,490 b/d respectively.

Some industry estimates say the structure may contain as much as 200m to 300m barrels of recoverable oil, the size of some commercial fields in the North Sea. But BP is thought so far to have proved the existence of only 20m to 30m barrels.

Schmidt, Mitterrand discuss approach to Ottawa summit

BY JONATHAN CARR IN BONN

FRENCH and West German leaders have begun a two-day meeting during which they aim to co-ordinate their approach to the Western economic summit in Ottawa in a week.

President Francois Mitterrand arrived with a strong team of eight Cabinet members—none of them Communist Ministers—and went into talks with Chancellor Helmut Schmidt.

It is M. Mitterrand's first visit to Bonn since his election victory in May over M. Valery Giscard d'Estaing, with whom Herr Schmidt had particularly close and friendly ties.

However, both sides are going out of their way in public to stress that they aim to preserve good Franco-German relations, despite the change of power in Paris.

Normally, the next session of bilateral talks under the Franco-German friendship treaty would not have been held until the autumn — but it was agreed to bring the date forward in view of the Ottawa conference.

Both Herr Schmidt and M Mitterrand are united in their concern over the serious deflationary impact of high U.S. interest rates on European economies. But it remains unclear how this concern should be underlined in Ottawa to President Ronald Reagan.

Some members of the West German Government have already been taken aback by the sharply critical public remarks on American interest rate policy by M Claude Cheysson, the French Foreign Minister. It is feared that a repetition of this line in Ottawa could prove counter-productive.

While Herr Schmidt has not wholly given up hope of a U.S. interest rate cut, he remains far from optimistic — a view also expressed publicly yestrday by Herr Karl Otto Poehl, President of the Bundesbank.

Herr Poehl warned against "false expectations" that interest rates would fall as a result of the Ottawa summit, and attributed the high rates in Germany partly to the large domestic public sector deficit, not to U.S. policy alone.

Particularly close accord is expected in discussions on East-West relations, both between M Mitterrand and Herr Schmidt, and between M Cheysson and Herr Hans Dietrich Genscher, the Bonn Foreign Minister.

Strauss re-elected as chairman of CSU

BY OUR BONN CORRESPONDENT

HERR FRANZ JOSEF STRAUSS has been overwhelmingly re-elected chairman of the Bavarian Christian Social Union (CSU) which he has headed for two decades.

Herr Strauss, 65, collected 96.7 per cent of the votes at the CSU Congress in Munich this weekend, and celebrated victory with a characteristically fierce and lengthy attack on Bonn Government policy.

The vote shows that the CSU remains as true as ever to its leader, although Herr Strauss failed in his bid to unseat Chancellor Helmut Schmidt in last October's general election. In the mid-1960s, too, the CSU stood by Herr Strauss even when he had to step down from Ministerial office in Bonn, after accusations of misleading Parliament.

However, it is widely felt that the opposition leader, now first in line to take over as Chancellor should the present Government collapse, is Dr Helmut Kohl, head of the Christian Democrats (CDU), who operate throughout the country, except in Bavaria.

Dr Kohl told the CSU Congress that the Bonn coalition was "bleeding to death"—but he also warned against believing that its collapse was imminent.

He said the union parties should concentrate on convincing the public that they had better policies than the Government, not simply give the impression that their first priority was a hectic rush for office.

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Vietnam, Soviet Union condemn Kampuchea talks

BY DAVID DODWELL

VIETNAM AND the Soviet Union yesterday condemned the international UN conference on Kampuchea, which opens today in New York. The attacks finally scotch hopes that Vietnam might be persuaded to attend the conference and undermine the possibility that concrete results might be achieved.

The official news agency of the Vietnamese-backed Heng Samrin regime in Phnom Penh attacked the conference as an intrusion in Kampuchea's internal affairs.

At the same time, in Hungary, Mr Hun Sen, Phnom Penh's Foreign Minister, told the local communist party journal that Vietnamese troops would only leave Kampuchea "if the threats from China and U.S.-sponsored intervention were to end."

In Moscow, the Communist Party daily Pravda poured scorn on the UN conference, claiming it was part of a conspiracy against Phnom Penh by the U.S. and China.

About 70 countries have agreed to attend the Kampuchea conference, which was proposed at the UN General Assembly last November by the Asean member states — Thailand, Singapore, Malaysia, the Philippines and Indonesia.

The fact that the conference is to go ahead despite the boycott by Vietnam and the Soviet Union underlines the diplomatic difficulties facing the West over Indochina. The leverage that can be applied against Vietnam appears to be almost nil.

Vietnam believes that it has taken the diplomatic initiative away from the West. By organising general elections in Kampuchea in April, in which Heng Samrin's government won a predictable victory, Vietnam aimed to signal to the world that insurgency from Pol Pot's Khmer Rouge fighters was less serious than claimed abroad, and that the Heng Samrin regime was in control of the greater part of the country.

The hope behind today's conference is that it will regain some of the diplomatic initiative, pre-empt a bid for UN recognition of Heng Samrin at this November's Assembly session and renew international pressure on Vietnam.

Dr Kurt Waldheim, UN Secretary General, had been reluctant to call the conference, mainly because no positive outcome seemed likely. Only persistent badgering by the Asean member states prompted him to press ahead.

Proposals made ahead of the conference included a call for withdrawal of all foreign troops from Kampuchea, the disarming of all rival factions and sending in a UN peace-keeping force, and UN-supervised elections.

Two sides toughen stand on eve of textile talks

BY RHYS DAVID

LAST MINUTE attempts were being made at the weekend by developing country supporters and by European textile interests to influence the stand which will be taken by the EEC Council of Ministers at the forthcoming Gatt Multi-Fibre Arrangement (MFA) talks.

In a letter to the Foreign Secretary, Lord Carrington, who is the present chairman of the council, from Comitextil, the body representing the European textile industry, repeats its demand for import penetration levels for a group of sensitive products to be stabilised.

Comitextil also wants the council, which is due this week to decide on the negotiating mandate to be given to Commission officials, to reaffirm its commitment to the concept of globalisation—the fixing of an overall ceiling covering imports of certain products from all sources.

At the same time the letter, which has been sent by Mr Otto Palme, Comitextil's president, also calls for a number of new measures to be considered in order to deal with the deterioration that has taken place this year in the position of European textile producers.

These include a reduction in import penetration levels where these have recently increased, the basing of growth rates on actual import levels and limitation in the growth of imports to 1 per cent a year—the estimated growth rate for European consumption.

Comitextil argues that these measures are necessary because of a fall of some 7 per cent in textile production in the EEC since 1973. This has been accompanied, it points out, by a loss of 900,000 jobs and the closure of 4,500 companies.

But another paper, which has also landed on Government desks this weekend, the World Development Movement, a pressure group for the world's poor, calls for exemption from textile import controls for the 50 poorest nations. This, the Movement argues, would make a significant contribution to the development of these countries and to free international trade.

The Movement also wants increases in the quotas available to the non-poorest countries and greater freedom for them to sell in whichever EEC country they can.

The Council of Ministers meeting coincides with the opening of GATT textile committee discussions in Geneva at which preparatory work for full MFA negotiations between the various participants in the developed and developing world this autumn will take place.

Moscow set to purchase more ships from Finns

By David Satter in Moscow

THE SOVIET UNION has expressed readiness to increase its purchases of Finnish ships in 1981-85 in order to right the imbalance in Soviet-Finnish trade caused by the rising price of Soviet oil, Finnish officials said yesterday.

The Soviet Union and Finland have a clearing agreement according to which the value of mutual deliveries is balanced over a five-year period.

The Soviet Union originally intended to import roubles 1.6bn-worth (£1.1bn) of Finnish ships in 1981-85, but will now probably increase its imports considerably, it is understood.

Finland imports 7m tonnes or about 60 per cent of its oil from the Soviet Union, and the price of Soviet oil has almost doubled since September, 1979, when the Soviet-Finnish trade agreement for 1981-85 was signed. The Soviet Union imports a variety of ships from Finland, including icebreakers, cargo ships for Arctic conditions, oil tankers, roll-on-roll-off vessels, cable and drilling ships and tugboats. The Finns have been informed that extra money has been allocated for the Soviet purchase of their ships in the present Soviet five-year plan.

Soviet-Finnish trade was to have a value of roubles 4bn this year, making Finland one of the Soviet Union's largest Western trading partners, but trade officials say the value of bilateral trade was now expected to rise still higher.

In addition to oil, Finland imports large quantities of coal, gas and timber from the Soviet Union. The Finns deliver, besides ships, manufacturing equipment, medical instruments, rock drilling equipment, food products and some consumer goods.

Three TriStars for Air India

INDIA has decided to buy for its national flag carrier, Air India, three Lockheed L-1011 TriStar airliners to be delivered in the next two years, a senior civil aviation official has disclosed, Reuter reports from New Delhi.

Indians see China trade potential

BY K. K. SHARMA IN NEW DELHI

THE OPENING of a rupee or barter-based trading system between China and India, involving the full participation of the two countries' central banks, would facilitate a "large-scale" expansion of commerce between the world's two most populous nations, says an Indian Government study.

The study, by the Indian Institute of Foreign Trade, has been prepared to anticipate an improvement in relations between the two countries, whose trade stood at the nominal level of $100m last year.

In a detailed analysis of China's modernisation programme, the study sees enormous potential for India to increase its exports once political relations between the two countries improve.

The Institute has proposed a four-step programme for boosting these ties, which it hopes would culminate in formation of a joint Sino-Indian commission on trade.

The study recommends setting up joint exploratory groups led by both countries to identify products, projects, invisible trading sectors (such as shipping), promotional measures, and areas of technical co-operation.

It then recommends establishing payment arrangements "similar to those entered into with centrally planned economies."

This would involve the initiation of a rupee or barter trade system like the one now in operation with the Soviet Union and some East European countries, although some of them have preferred to change recently to settlements in convertible currency.

The report says that this mechanism would assist in minimising the pressure on foreign exchange reserves and help promote substantial trade turnover between the two.

The system would envisage the opening of an account with the central monetary authority of each country—the Reserve Bank of India and the Bank of China. These would operate as a clearing account for the receipts and assets of each contracting party with a provision of granting "technical credits" in the event of trade not balancing.

Another stage involves a joint marketing approach towards items of mutual interest for exports to third countries such as tea, jute manufactures and rare metals like neobium, lithium and titanium.

Trade between India and China was resumed in 1977, after nearly two decades of interruption when an exploratory mission went to the Canton Trade Fair. China, in turn, took part in the Indian International Trade Fair in New Delhi in 1979.

● The World Bank has approved a $400m International Development Association credit to Indian for further development of the Korba thermal power station, Reuter reports from Washington. The first stage of the power station in Madhya Pradesh state is under construction. It was financed with a $200m IDA credit. Total cost of the 2,100 MW project is estimated at $1.4bn (£737m). The first unit is expected to be in operation by 1986, with completion by 1988.

West 'resists protectionist call'

BY BRIJ KHINDARIA IN GENEVA

THE WORLD'S industrialised countries have not succumbed to protectionist pressures and are giving clear evidence of their desire to maintain an open trading system, according to Mr Arthur Dunkel, Director General of the General Agreement on Tarffs and Trade.

Reduced demand, not a swing to protectionism, was the cause of the slowdown in world trade growth last year, he said, and no significant improvement is to be expected this year.

Speaking to the UN Economic and Social Council, which oversees all UN agencies, Mr Dunkel said industrialised nations were trying to strengthen the Gatt as a forum to settle disputes, despite increasing pressure on them to take trade measures outside the framework of co-operation among governments provided by Gatt.

The political determination of all governments to retain the liberal system of international trade was sign-posted by the recommendations by a prestigious group which advises Gatt that a new ministerial conference should be called in 1982 to discuss world trade problems, Mr Dunkel said.

He described the call as "a new direction in the work of Gatt."

In a separate speech, Mr Edouard Saouma, Director General of the Food and Agricultural Organisation, said that 10 years ago the exports income received from one tonne of tea bought 16 tonnes of fertilisers while it now buys no more than seven tonnes of fertilisers.

The "real" export price for jute has also dropped by nearly 50 per cent over the past decade, he added, to illustrate the difficulties experienced by Third World exporters because of worsening prices for their products.

EEC efforts in Japan 'weak'

STRASBOURG—EEC efforts to sell goods in Japan are inadequate and account in part for the Community's growing trade deficit with Japan, according to the leader of a Japanese parliamentary delegation to Strasbourg.

Following talks which ended at the weekend with members of the European Parliament, Mr Tadashi Kuranari said there were 10,000 Japanese car salesmen in Europe but scarcely any European salesmen in Tokyo.

"This shows how insufficient EEC efforts have been," he said. But he stressed that Japan was prepared to look into specific areas where the EEC alleged that the Japanese market was closed.

The Community has long argued that its trade deficit with Japan, which reached $11bn (£5.8bn) last year, was due in part to the closed nature of the Japanese market.

Meanwhile the European Parliament has urged Japan to accept set limits on exports of sensitive products to the EEC.

In a motion prepared by Mr John Stewart-Clark of the UK, it said that "any failure to abide by these restraints must lead to counter measures by the Community." Reuter

SHIPPING REPORT

Charter rates continue to ease

BY OUR SHIPPING CORRESPONDENT

THERE WAS little joy for shipowners in either the tanker or dry cargo markets last week, as charter rates continued to ease and profitable voyages became more scarce.

In its weekly tanker market report, E. A. Gibson said the most satisfactory aspect was the absorption of large ships from the Arabian Gulf. The main emphasis was on Saudi Arabian oil, mostly being carried for partners in the Aramco (the Arabian American Oil Company).

But rate levels were abysmal, added Gibson, with the level for a ULCC (ultra-large crude carrier) down to Worldscale 20 from the Gulf for discharge in Europe.

A large number of ships are languishing in the Gulf waiting for business, with more due later in July. "It is obvious," says the report, "that there is no way that these will all be absorbed as soon as they arrive."

On the bulk carrier side, Galbraith Wrightson described the market as quiet, with charterers mostly succeeding in bringing rates even lower. There was some inquiry in the ore market, but not enough to prevent sliding rates or to use up available capacity.

The Japanese are reckoned to be more or less out of the coal market until mid-August, with a rate of $21.50 a ton fixed last week from Hampton Roads to Japan, against $23 a week ago. They have been more active on the grain side. Galbraith notes several charterers booking tonnage for end-July and August from the U.S. Gulf.

Canadian car deficit widens

CANADA'S deficit in automotive trade with the U.S. widened in the first quarter to C$555m (£243m) from C$486m (£213m) in the first quarter of 1980, Victor Mackie reports from Ottawa.

Canada imported C$3.3bn in automotive products from the U.S. in the first quarter, up 7.2 per cent from C$3.8bn. Exports to the U.S. totalled C$2.75bn, a 5.9 per cent increase from C$2.6bn a year earlier.

Trade in automobile parts accounted for most of the wider deficit. The latest figures were released by the Canadian government's statistics division.

World Economic Indicators

UNEMPLOYMENT

		June '81	May '81	April '81	June '80
UK	'000s	2,681.0	2,558.4	2,525.2	1,659.7
	%	11.1	10.6	10.4	6.9
U.S.	'000s	7,784.0	8,170.0	7,760.0	7,811.0
	%	7.3	7.6	7.3	7.5
		May '81	April '81	March '81	May '80
W. Germany	'000s	1,110.0	1,146.5	1,210.1	767.0
	%	4.2	4.4	4.6	2.9
France	'000s	1,631.0	1,645.7	1,657.2	1,337.0
	%	7.2	7.3	7.3	5.9
Italy	'000s	1,868.0	1,872.0	1,938.0	1,734.0
	%	8.4	8.4	8.7	7.8
Netherlands	'000s	336.0	334.0	344.0	205.0
	%	6.5	6.4	6.6	3.9
		April '81	March '81	Feb. '81	April '80
Japan	'000s	1,370.0	1,420.0	1,350.0	1,180.0
	%	2.4	2.0	2.2	2.0

Source (except UK, U.S., Japan): Eurostat.

UK CONTRACTS

Baker Perkins wins Canada press order

By Our World Trade Staff

BAKER PERKINS Engineering of Peterborough has won an export order worth £2.5m to build a large printing press for the Maclean-Hunter publishing group of Canada for their printing works in Toronto.

The company said the press would be one of the largest colour magazine presses in the world and would be used to print a number of Maclean-Hunter's Canadian consumer magazines.

● Francis Shaw and Company of Manchester have secured a £1.5m contract from the Kladno works of Kablo Kladno, Czechoslovakia, to supply three cable-making lines. The deal will be undertaken by Shaw in co-operation with Rosendahl of Vienna. Delivery of all plant and machinery will be completed this year.

● W. H. Smith, the Shropshire structure steel engineering concern, has won export orders worth more than £1m to supply structural steel work to the Yanbu desalination plant in Saudi Arabia and to the Ajaokuta Training Centre in Nigeria.

Call for change in oil taxation policy

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT is coming under increasing pressure to restructure its North Sea oil and gas taxation policies.

A leading energy economist, Prof Colin Robinson of Surrey University, has strongly attacked the present system. His views, published in the latest issue of Lloyds Bank Review out today, comes as the offshore oil industry is preparing its own proposals to replace what it sees as an unsatisfactory fiscal regime.

Prof Robinson argues that clumsy and selective taxation fails to discriminate between profitable and unprofitable fields and represents a standing temptation to Government to raise taxes every time oil prices increase, regardless of whether or not such moves are justified by energy market conditions.

Efforts to raise taxation on natural gas production appeared merely to have transferred much of the benefits to British Gas Corporation. This had arisen largely because British Gas had paid such low prices for natural gas supplies.

Prof Robinson says that there is a good case for trying to circumvent the self-interest of the regulators. He suggests a simpler, less interventionist systems based on:

- Liberal licensing;
- Auctioned exploration blocks;
- Abolition of Petroleum Revenue Tax and Supplementary Petroleum Duty on auctioned licences;
- Ending of British Gas Corporations right of first refusal on gas supplies;
- Removal of restrictions on exports of oil;
- Dismantling of depletion controls.

In another warning message, Mr Archie Forster, chairman and chief executive of Esso Petroleum, says today that to price North Sea oil below world prices would have a serious adverse effect on the British economy.

Writing in the National Coal Board's quarterly journal Mr Forster says that such a policy—advocated by some—would seriously reduce the resources available for investment in further British energy fields; and reduce the incentives to move to a more energy-efficient economy.

Coal Board to invite tenders for coal liquefaction plant in Clwyd

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE National Coal Board, increasingly confident it can raise the necessary £30m-£35m capital, is about to invite design and construction tenders for a pilot coal liquefaction plant at Point of Ayr, Clwyd.

The Government has said it will contribute £5m, provided the NCB finds the rest which must include a substantial injection of private sector money.

Ministers had doubts about the commercial viability of the technology the NCB wants to test which is why private sector support was regarded as essential.

The NCB is now carrying out tests on coal provided by various potential investors—notably British Petroleum and Phillips Petroleum. If these tests are successful, it is hoped BP and Phillips will each provide some 20 per cent of the capital costs, with the NCB contributing an equivalent sum.

The Department of Energy's £5m and contributions from the EEC should meet further 35 per cent. The outstanding 5 per cent might come from other companies which have said they are interested.

The Coal Board, which hopes to have the plant operating by late 1984, has developed two methods of producing liquid fuels from coal.

Its liquid solvent extraction process yields petrol, diesel fuel and kerosene, while its supercritical gas solvent extraction process produces high value aromatics and chemical feedstocks.

It had hoped to test both methods at Point of Ayr, but so far potential private sector partners have shown most interest in the liquids solvent extraction process.

The supercritical gas plant may therefore be shelved, although the complex will be able to accommodate it, should opinions change.

Britain's anti-missile warhead in service next year

BY DAVID FISHLOCK, SCIENCE EDITOR

A NEW British military spacecraft armed with nuclear warheads is expected to enter service with the nuclear missile submarine HMS Renown early next year, and with Revenge later next year.

The spacecraft called Chevaline—has been developed in great secrecy, at a cost of £1bn, since 1976.

It is designed to defeat the anti-ballistic missile (ABM) defences round major Soviet cities. The navy's acceptance trials are scheduled for the turn of the year.

Chevaline, with its on-board "brain" and navigation system, fits inside the Polaris missile. It is programmed seconds before launching to release both nuclear warheads and a large number of simulated warheads which would look and behave like the real thing to any ground surveillance.

The idea is to confuse and saturate the defence so that it is penetrated by a real warhead. All four of Britain's Polaris submarines are expected to be refitted with Chevaline by 1984.

Understood to be the most complex development yet undertaken by British defence scientists, Chevaline was first disclosed to Parliament early last year.

The weapon involves a new type of miniaturised nuclear warhead "hardened" against radiation from nuclear explosions in space. It had to be squeezed into the space occupied by the three previous nuclear warheads.

Soon after being sanctioned by Sir Harold Wilson's Labour Government as a top priority project, Chevaline built up to involve a team of about 5,000 people, spending about £2m a week.

The project drew together four British defence research establishments — including Aldermaston—and four major industrial organisations with about 50 sub-contractors.

A review of the project in 1976 established that the Ministry of Defence had previously under-estimated the complexity and cost and the 1975 figure of about £350m to equip the four Polaris boats was increased to £600m and the in-service date changed from 1979 to 1981.

A further review a year later led to a second revision of costs to £800m.

Since 1977, the only significant increases in cost—now put at £1bn—have been due to inflation.

About £900m has been spent so far on developing the system which is designed to give Britain a credible strategic nuclear deterrant in face of Soviet ABM developments until the early 1990s when Trident will begin to enter service.

Chevaline has been tested in a series of 14 trials at Cape Canaveral starting in the autumn of 1977. It is understood to have had an unusually high rate of success for so complex a system.

Two test firings last November, however, were not completely successful and showed that changes to the control systems were necessary.

The tests were to have been repeated this month but were delayed, partly because of the industrial action at the Coulport Naval armament depot in Scotland, where the system is being fitted.

BBC plans for Royal wedding coverage

ALL OF the 81 broadcasting organisations around the world taking instantaneous coverage of the Royal wedding have opted to take the live BBC television production. It is estimated that the world-wide viewing figure for the processions and ceremony will be around 500m.

BBC television is mounting its biggest outside broadcast operation to cover the processions to St Paul's Cathedral, the marriage ceremony, the return to Buckingham Palace and the Royal Family's appearance on the balcony, and the honeymoon departure.

For the first time, the deaf and hard-of-hearing can enjoy the ceremony fully by tuning to BBC-2 which will screen sub-titled coverage from the time the Royal Family leaves Buckingham Palace until they return.

Between them, the two BBC television channels will be on the air for some 34 hours on July 29. About one fifth of this air-time will be devoted to the wedding itself—including the morning programmes, the processions to and from St Paul's and the marriage service. Later in the day the networks go their separate ways with BBC-2 providing alternative programming to the BBC-1 schedule.

Gun-sight deal for Barr & Stroud

BARR AND STROUD, a member of the Pilkington Group, has been chosen by the Ministry of Defence as the main contractor for development and supply of an advanced thermal gun sighting system for both Chieftain and Challenger battle tanks.

A thermal sighting system is capable of "seeing" through smoke, light haze or complete darkness. It senses small differences in heat radiated by objects in the field of view, and produces a picture of TV quality.

The deal will bring prospects of increased employment. Barr and Stroud has already increased its work-force at Glasgow in preparation, and is planning further recruitment to be phased in when the project reaches production. A significant contribution will also be made by Pilkington P. E. in North Wales.

More jobs for older executives

OLDER executives now have a better chance of being considered for top jobs than 10 years ago, according to a survey of appointment advertisements.

Fewer than 46 per cent of employers now specify age limits compared with more than 60 per cent in 1971.

Home replacement plan needed

OLD and dilapidated homes need to be improved or cleared at the rate of 500,000 a year if a major improvement of the country's housing stock is to be tackled over a 10-year period, according to the Royal Town Planning Institute.

A programme involving 60,000 homes a year is needed in London alone merely to stem the rate of deterioration in the capital, states the Institute in a submission to an inquiry led by the National Federation of Housing Associations which begins today.

GLC may set up science park

GREATER London Council may be the first organisation to set up a science park in London, allowing the ideas of scientists and researchers to be tested and put into production, according to Mr Illtyd Harrington, deputy leader of the GLC.

He told the London World Trade Association: "There is nothing new in the idea. What is new is that we intend to put the idea into operation here in London."

New grant urged for London buses

LONDON'S RATEPAYERS will be faced with an extra bill of over £10m a year for new buses unless the Government provides an adequate replacement for its Exchequer-borne New Bus Grant, which is being phased out, warned Mr Dave Wetzel, chairman of Greater London Council's transport committee.

Government hope on sick pay plan

THE GOVERNMENT wants its new sick pay proposals—under which employers would take over from the social security system the responsibility of paying sickness benefits during the first eight weks of illness — to operate as simply as possible.

Mr Patrick Jenkin, the Social Services Secretary, told the Industrial Society that the Government favoured a flat rate reduction of contributions for all employers, plus an additional reduction for small employers.

Brokers forecasts drop in bank profits

BY OUR BANKING CORRESPONDENT

PRE-TAX profits of the Big Four British clearing banks are estimated to have fallen by a tenth in the first half of 1981, yet the banks still remain among the most profitable in the world.

Brokers estimate their total first half profits this year at £692m, compared with £774m in 1980.

On Friday, Lloyds Bank, the smallest of the Big Four, announces its first half profits. Most brokers estimate that Lloyds' profit performance during the six months to end-June has been better than the other banks. Estimates based on the forecasts of six leading brokers suggest a marginal fall in profits of about 1.4 per cent. By contrast, Midland Bank, which will report at the end of the month, is expected to show a 15.2 per cent drop.

Lloyds Bank has been helped by the strong performance of its international operation, Lloyds Bank International (LBI), which accounts for nearly half of group assets. LBI more than doubled its profits in the six months to March 1981.

Barclays Bank is expected to show a drop of 11.5 per cent, helped by the performance of its overseas arm, Barclays Bank International.

Natwest, which is more dependent on domestic markets than Lloyds or Barclays, is expected to show a poorer performance with profits down by 15.2 per cent.

The main reason for the drop in domestic banking profits during the period has been the fall in interest rates. Average base rate in the first half of 1981 has been 12¾ per cent compared with 17 per cent in the comparable period of last year. For the whole of last year base rates averaged 16.3 per cent, compared with 13.7 per cent in 1979.

Lower interest rates have meant that the banks have earned less on their so-called "free" current account balances. Sterling lending by the London clearing banks has risen by 12 per cent to £27.8bn in the year to mid-May 1981.

Metro range extended with 1.3 litre automatic

BY JOHN GRIFFITHS

THE FIRST addition to what BL Cars chairman Mr Ray Horrocks has made clear will be an extended Austin Metro small car family is a 1.3-litre automatic model.

It is being launched as a top-range model in its own right. The four-speed automatic transmission, developed with Automotive Products, will not be available as an option on the other five models which were launched last October.

Its specification includes radio, clock, velour upholstery and halogen headlamps and it will sell for £4,595.

BL says that production has been building up at the Longbridge plant—now making a total of 4,500 Metros a week—to a level which should ensure "normal availability" for the X-registration period beginning on August 1.

The transmission is based on the three-speed unit available on Mini models. BL believes it should increase overall Metro sales by about 8 per cent and that the Metro thus equipped should lure buyers changing down from larger automatic cars in pursuit of lower running costs.

Two main reason are given for the decision to offer the automatic as a separate model:

- To promote it as a separate, compact luxury car "big in everything except running costs and parking space";
- To keep costs down by avoiding "special order" permutations which would arise if the transmission were offered as an option on other models.

GLC seeks advice on air traffic

By Michael Donne,

GREATER London Council has changed its mind on how best to cope with air traffic growth since Labour took control and is to seek further views from local residents and associations.

Originally the GLC had favoured a "split" airport solution with runways on reclaimed land at Maplin Sands in Essex, and terminal buildings in East London. This is now back in the melting pot.

Mr Ed Gouge chairman of the planning committee says: "We need to look closely at all the options, including Stansted in Essex. We must consider the financial and environmental cost of increased air facilities and decide how much of the growth in air traffic we want to keep in the London area.

"I would like people and organisations in London to send their comments to me at County Hall by August 14."

Venue for bridge championships

THE 35th European Bridge Championships are being held in the Grand Hotel, Birmingham, and will continue until July 25. England has entered both a men's team and a women's team.

A daily bulletin edited by P. H. Alder can be obtained at a cost of £7. Apply to Ann Stavely, Rhu na Bidh Sieldaig, Strathcarron, Rosshire 1V54 8XN.

'Threat' to neutrality of auditors

By Gareth Griffiths

THE REPUTATION of district auditors for being politically neutral could be threatened by the Government's attempts to stick to its targets on local government spending, it was claimed yesterday.

Mr Noel Hepworth, director of the Chartered Institute of Public Finance and Accountancy, writing in the first issue of the magazine Public Money, argues that Mr Michael Heseltine, Environment Secretary, showed he was prepared to intervene directly in the district auditing process when he sent in private sector accountants to go over the regional water authorities' budgets in February.

He points out that the Government may be tempted to use its power to require such extraordinary audits to be held if local authorities continue to overshoot the Environment Department's spending guidelines.

He adds: "Such action would tarnish the image of district audit and destroy the confidence the profession has built up with its local government clients.

There has been a growing belief, particularly on the Left of the Labour Party, that the use of the district audit and the implied possibility of councillors being surcharged for expenditure incurred by their policies is one of the weapons the Government has to enforce its spending policies on local government.

Civil engineers urge £200m boost in public spending

BY MICHAEL CASSELL

AN IMMEDIATE additional investment of £200m in civil engineering projects during the next year and more in succeeding years is called for today by the Civil Engineering Economic Development Committee.

A report from its "task force", set up in the face of the continuing decline in the industry's work load, reveals how investment in civil engineering—nearly all made by the public sector—has fallen by a third since 1970.

Between 1970 and 1980, the level of new investment fell by nearly half to £2.5bn, and in the past four years alone the construction industry's work force has declined by almost a quarter.

The volume of civil engineering work, including repair and maintenance, has fallen by about a third, although total public expenditure has risen by over 20 per cent.

The committee says that its request for a £200m increase in Government spending each year is modest. For the longer term it has identified major programmes and projects amounting to an annual expenditure of £700m, many of which are currently subject to delay or lack of commitments, and which it says should now be put in hand.

The report, which has been sent to Ministers, emphasises that many of the additional resources required to implement the recommended programmes are now lying idle, and that the total funding requirements will be substantially offset by savings in unemployment and other transfer payments, as well as a gain in tax revenue.

Immediate action by the Government will, according to the report, give work to an industry which has spare capacity, is efficient and has a high domestic value-added per pound of expenditure.

It adds: "To delay will result in bottlenecks and inflationary pressures at a later date when work which can no longer be postponed is given to an industry with inadequate capital and labour resources to cope efficiently."

Towns and cities scarred in a weekend of copycat crime

BY ANDREW FISHER

RIOTING AND violence spread alarmingly across Britain at the weekend, leaving many towns and cities badly scarred.

There were many incidents of looting, arson, and street battles between youths and police, many in places with no recent history of serious trouble.

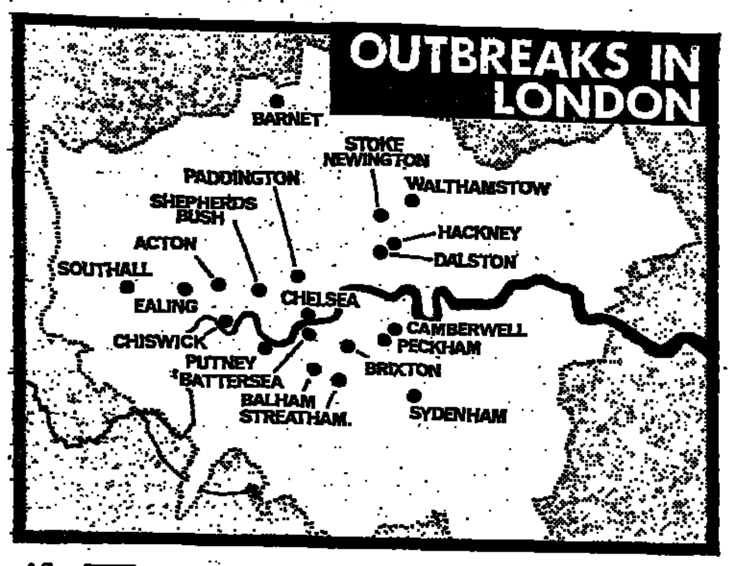
Scotland and Wales were relatively unaffected. The disturbances appeared to encompass sheer hooliganism and vandalism as well as riots caused by racial or economic frustration.

London was again one of the worst-hit cities, with outbreaks of violence in areas as diverse as Brixton, scene of previous riots, Sydenham, Stoke Newington, and Southall, where a skinhead invasion earlier in the week led to major disturbances. In north-east London, several hundred Asian youths charged through Walthamstow on Saturday *after a funeral for* a mother and her three children who died in a fire believed to have been a racist attack.

Although unlikely places like Southampton, Aldershot, and even High Wycombe in Buckinghamshire were all disrupted by *weekend violence, most of* the outbreaks occurred in central and northern England. Among places affected were Leicester, Hull, Ellesmere Port in Cheshire, Newcastle, Derby and Wolverhampton.

Whereas earlier riots in Brixton, Toxteth in Liverpool, and Southall were largely sparked off by unemployment, anger at the police, or racial provocation, *much of the weekend* violence elsewhere was described by local police as imitative violence, or unrelated hooliganism. Luton, for instance, experienced *its first serious rioting on* Friday night, as hundreds of black and white youths went on the rampage.

Mr John Carlisle, Luton's Right-wing Tory MP, spoke to shopkeepers and police and then called on parents to turn children over to the police if they knew that they had been involved. "It was just pure hooliganism, nothing more, nothing less," he said. "There were no racial overtones, just copycat crime."



AS THE trouble spread across more areas of the capital *on Friday* night, Scotland Yard reported 382 arrests and 49 police officers injured. On Saturday night, arrests were down to 160 with nine policemen *hurt*. One of those injured on Friday had a fractured skull after being hit by a piece of concrete.

Trouble erupted in the districts of Southall, Brixton, Battersea, Dalston, Walthamstow, Hackney, Chiswick, Acton, Putney, Shepherds Bush, Sydenham, Balham, Peckham, Camberwell, Ealing and Streatham.

By early Sunday morning, however, Battersea remained the only trouble spot in London, with shops looted and bottles and *bricks thrown* at police.

In Brixton, where further vicious street confrontations took place late on Friday, the trouble on Saturday was on a smaller scale and less co-ordinated, with police splitting up groups before they had a chance to mass.

Changing police responses may explain reduced level of rioting

Lisa Wood describes the scene in London's multi-racial Brixton quarter

IN A quiet alley off Brixton's main shopping street on Saturday evening a pensioner quietly dismantled a neat stockpile of small rocks.

"I've been telling my neighbours all day *that it's our shops* these kids are destroying," he said. "If this goes on the shops will just not re-open and we will all be left with nothing."

During the disturbances in Brixton in April, still being investigated by Lord Scarman, some 28 premises in the area were either destroyed or damaged. At the time a Woolworth's security man, supervising the replacement of windows, said: "I don't know why we bother. It will just happen again." It did, last Friday night.

On Saturday, extensive preparations started around midday to avoid a repetition of Friday night's looting. Shopkeepers boarded up windows. Even Tesco's store closed early and by 4 pm the multi-storey car park, normally jam-packed on Saturdays, *was empty*.

Even more unusual was a conspicuous absence of uniformed police on the streets, as if the force was attempting to *eliminate all possibility of a con*frontation. The first clashes on Friday night, in which 112 people were arrested and cars set alight, are said to have arisen *after police stopped* a motorist, believing his car to be stolen, and a well-known Rastafarian shopkeeper was arrested when he went to the motorist's assistance. Rumour has it that his dreadlocks had been cut off by the police.

However, police were there on Saturday, tucked behind the police station, practising what is called in American jargon "perimeter policing."

An estimated 4,000 officers from throughout the Metropolitan area *were on standby in* London Saturday night. While Scotland Yard would not confirm that some 800 officers were in the Brixton area, including the Special Patrol Group, it said the estimate sounded reasonable. Some had arrived in London Transport buses. Most were in small, highly mobile vans.

At about 8 pm, after a couple of incidents in Railton Road, one of which involved a petrol bomb, a helicopter hovered overhead, and police appeared to be systematically moving into position.

Police carriers parked on strategic corners of the central shopping area. Groups of about 20 officers were littered about and dog handlers stood outside the police station.

Meanwhile, around 200 young people, black and white, sat on walls and lolled over pedestrian barriers, waiting. It appeared that both police and the public were marking time to see *who moved first*.

This uneasy relationship continued until dark, as police tried to keep the public moving. Many appeared to get bored *and went home. A domestic* squabble drew a crowd. At the bottom of Railton Road, where last April's weekend riots centred, a closed shop-window was smashed. Police with shields moved in and the looters fled up the road. This ebb and flow continued for hours.

On Friday night it had been very different, as policemen armed with shields, tried to push the crowds away from the shopping area, only to find that people re-emerged behind them, *as they* ran back through the warren of side-streets. Two lone policemen, standing on Coldharbour Lane, watched as a crowd of young people smashed a men's clothing store.

When asked why they did not do something, one officer replied: "Look how many of them there are. Look at us. I don't want to get murdered."

On Saturday, by contrast, the police, through *strategy* and numbers, held their positions. In fact, there were criticisms by some older people that the area was over-policed.

A group of white children, all of whom appeared to be under the age of 14, were most vociferous in voicing anti-police sentiments. One boy, rolling up his sleeve to show a bruise *on his elbow, claimed* that plain-clothed detectives had run through his nearby housing estate yelling: "Move, move, get inside." And police had made indiscriminate use of truncheons.

But in the Atlantic public house, on the corner of Railton Road and Coldharbour Lane, the *juke-box was noisy and drinkers*, black and white, chose to be oblivious to the hundred-odd policemen who were standing some 10 feet away outside. Only the publican appeared agitated.

A 22-year-old of Jamaican origin said: "I thought the April riots were good in that problems concerning the police and unemployment were brought to the notice of the Government and it seemed as if Lord Scarman was doing a good job. I cannot see any reason for the riots this weekend and they will spoil everything."

Country-wide outbreak of looting and vandalism

OUTBREAKS OF violence continued in many parts of the country during the weekend.

In Handsworth, Birmingham, area, 38 people were arrested on Saturday night. Petrol bombs were thrown. A pub was attacked, its windows smashed and vehicles in the car park overturned.

Miss Sheila Wright, Labour MP for Handsworth, said that Saturday's rioting in her constituency had been organised in advance.

"There was a quite determined attempt to organise some form of violence in the Handsworth area—possibly because the policy-community relations have been so much better here than in other parts of the country."

A police car crashed and overturned after being stoned by black and white youths in Southampton city centre on Saturday night. The crew of four were taken to hospital but their condition was described as "not serious."

There were also incidents in Aldershot and Portsmouth on Saturday night.

Shops in High Wycombe, Bucks, were looted on Saturday night. Police called in reinforcements from neighbouring areas. About 20 people were arrested.

At least a dozen Leicester shops were broken into and looted. Police estimated that about 200 black and white youths were on the rampage. Thirty people were arrested. Police said the rioting followed a similar pattern to that in other cities, with gangs throwing bricks and bottles at the police.

Leeds police said there were reports of petrol bombing, stoning, looting and widespread damage after about 300 youths roamed through the Chapeltown area at dawn on Sunday.

Other disturbances were reported in Bradford, Huddersfield, Halifax, Stoke on Trent and Knaresborough.

Several youths will appear in court at Maidstone, Kent, today, following weekend disturbances. A van and motor cycle were destroyed with a petrol bomb and shops and offices were damaged. Police said there was no sign of looting.

In Bedford, police confiscated petrol bombs, steel rods, chains, timber, bricks, stones and bottles. Windows were smashed in 90 shops and offices and six buildings were set on fire. There were more than 80 arrests and nine police were hurt but not seriously.

In Shrewsbury, police made several arrests after disturbances on Friday and Saturday. Thousands of pounds worth of damage was caused but police said there was no evidence of looting.

Lancashire police said they arrested 147 people in outbreaks of disorder throughout the county on Saturday night. In Blackburn, 43 people were arrested as more than 500 youths tried to "run amok" in the town centre.

Police arrested 25 people in Preston, 34 in Blackpool and 25 in Fleetwood.

Rioting broke out in Hyson Green, Nottingham on Friday and Saturday. Six police officers were injured and 12 youths arrested. The city had its first outbreak of looting.

Twelve people were arrested in Hull after about 300 teenagers smashed windows in the city centre. Police regarded the incident as hooliganism unrelated to anything else.

Many shopkeepers in Derby closed an hour early on Saturday. Gangs of teenagers smashed shop windows.

A Sheffield policeman was stabbed on Friday when he tried to arrest a teenager after a *shop window* had been smashed. Thirteen people were arrested and will appear in court today.

In Liverpool, 39 people were arrested during the weekend. A police officer is in hospital with head injuries.

Mobs smashed shop windows in Ellesmere Port, Wolverhampton, Smethwick, and Newcastle-upon-Tyne. In Chester, petrol bombs were thrown at a pub

New risks for insurance companies to cope with

BY ERIC SHORT

INSURANCE underwriters in Britain have never before had to cope with arson damage and looting on such a large scale.

Once companies have added up the cost of the week's riots, they will have to decide how to *deal with riot risk in future*.

On house buildings insurance, it has till now been given free, while under house contents and motor insurance, it has been lumped in with the general theft risk.

Package policies for small and medium shop insurance have given full riot damage cover at virtually no extra cost.

On commercial contracts, underwriters have tended to exclude riot damage from the standard terms, but *allow it as* an optional extra at what have proved to be inadequate premiums.

UK NEWS

LABOUR

Exporters plan vigorous attack on U.S. markets

BY OUR INDUSTRIAL STAFF

SOME of Britain's biggest exporters to the U.S. and those trading worldwide in products priced in dollars plan more aggressive assaults on their markets as a result of the fall in sterling against the dollar.

Other companies are more intent on recovering some of the margins they sacrificed when the sterling-dollar exchange rate was less favourable.

Many such companies continued to export to the U.S. then believing it was essential to hold on to their market share even at prices that contributed little to their margins.

Most of Rolls-Royce's £553m exports are subject to the exchange rate, since most aero-engine prices are either in dollars or influenced by prices in the U.S.

Mr Peter Molony, finance director, says: "The company will be more competitive in bidding for new orders and will earn higher margins."

Rolls-Royce's figures were adversely affected last year because of sterling's appreciation against the dollar. The company had to pay dearly on contracts taken at more favourable exchange rates.

The Distillers Company, which exported whisky worth £60m to the U.S. last year, expects the main effect of the fall in the pound to be a boost in cash flow as U.S. customers are invoiced in dollars. A 12½ per cent increase, announced in February, was implemented in May.

Britain's visible exports to the U.S. last year totalled £4.7bn, slightly less than 10 per cent of total exports. A more competitive edge in that market, some companies point out, was to some extent outweighed by import bills when priced in dollars.

Imperial Chemical Industries, for instance, buys much of its oil-based petro-chemical feedstocks in dollars. If the exchange rate is maintained at its present level, ICI said at the weekend, it will "try to seize the increased opportunities" that this represents. Only £75m of its £1.17bn exports last year went to North America.

Mr John Lippett, export director of GEC, a heavily export-oriented group, says it will now look more closely at the U.S. GEC's competition there is mostly from domestic companies, so the movement in the rate obviously sharpens its competitive edge.

BL has restricted its U.S. exports to Jaguars after taking a hammering on other models.

Jaguar Cars' chairman, Mr John Egan, says: "We have not changed our prices. We can do good business at \$2.30 to the pound, so at \$1.80, we are laughing."

Hopes fade for halt to H-block hunger strike

BY STEWART DALBY IN DUBLIN

HOPES FADED last night that the H-block crisis in the Maze prison outside Belfast can be ended before the next hunger striker dies.

Mr Kieran Doherty enters his 53rd day of fasting today. The other five Republican hunger-strikers who have died this year lasted on average 60 days.

He was elected to the Irish Parliament last month. A by-election caused by his death would almost certainly be won by the Opposition, which would reduce the Government's working majority to one.

The hardening in the attitude of the eight remaining hunger-strikers was reflected in the statement this weekend that the mediation attempts of the Roman Catholic Commission for Justice and Peace had failed.

Of more immediate concern is that the hunger strikes are continuing into the Ulster marching season which begins today—July 13—when 100,000 Protestants will celebrate the anniversary of the Battle of the Boyne.

Emergency cover for day-long gas strike

By Pauline Clark, Labour Staff

MANAGERS in British Gas Corporation will provide emergency cover throughout the Northern Region today when gas industry staff and manual workers stage their first-ever national strike.

The emergency service was to have been provided by the unions — as had been agreed at national level—but last night the unions blamed local management for difficulties in getting sufficient staff together.

Gas workers in Northamptonshire also withdrew emergency cover co-operation yesterday because of what the unions claimed was a "victimisation" policy by East Midlands Gas Board which had instructed five women to handle calls from customers.

The 24-hour strike, to end at midnight tonight, is aimed at demonstrating solidarity in opposition to Government plans to sell off the Gas Corporation's 900 showrooms.

All eight unions in the industry, representing some 106,000 gas workers, are supporting the "token" stoppage called last Wednesday immediately after the decision to sell the showrooms was announced by Mrs Sally Oppenheim, Minister for Consumer Affairs.

Ray Dafter, Energy Editor writes: Mr Norman Lamont, Energy Minister responsible for the gas industry, last night rejected claims that up to 40,000 jobs could be lost as a result of the decision to sell showrooms and said such a figure could not stand up to examination.

The number of people employed in showrooms was only 3,500. Mr Lamont added: "It is neither credible nor possible that 40 per cent of the corporation's workforce depend for their livelihood on an activity which accounts for less than 10 per cent of their turnover. If that were true, that would be appallingly inefficient and wasteful."

The NUM leadership is about to change hands. Christian Tyler assesses the impact

Confident miners eager to test Thatcher

THE LEADERSHIP of the National Union of Mineworkers is about to change hands at a time when the British economy is at a post-war low and a Conservative Government is hanging on grimly to make-or-break policies.

Unemployment is rising towards 3m and the social disorder that trade union leaders—among them Mr Joe Gormley, retiring president of the NUM—predicted would follow high unemployment appears to be manifesting itself in city streets. Efforts are being made by the Cabinet and employers' organisations to keep wage increases at about one-half the rate of inflation during the coming winter.

Recession may have drawn the teeth of other trade unions in the last year, but the miners are brimming with self-confidence. When Mr Gormley stepped from the platform at the end of his eleventh and last NUM annual delegate conference last week he was congratulated for presiding over the rehabilitation of the union and the coalmining industry.

The strikes of 1972 and 1974 had put the miners at the top of the industrial earnings league; Opec's oil price increases had justified a huge investment programme in British coal and February's industrial action had arrested the Government's attempt to wind down subsidies to the industry.

In six months' time a pithead ballot will probably elevate the militant Mr Arthur Scargill to the presidency of the union.

Trevor Bell (left)—his moderates have lost cohesion—with retiring president Joe Gormley (centre) and the man most likely to suceed him, Arthur Scargill.

Mr Scargill believes there is a groundswell of revolt within the ranks of his and other unions that will erupt long before this Government's term of office expires.

He predicts that Mrs Thatcher will suffer a crisis of confidence like Mr Heath before her and will have the same choice to make: to give way or be brought down trying to re-secure her mandate.

He does not claim to know what the issue will be — a final throw by the Civil Service unions, a revolt among the railwaymen over their industry's lack of investment or a battle over miners' wages this autumn. Nevertheless, he and other Left-wingers are already preparing the ground.

For example, joint committees of miners, railwaymen and steelworkers are being set up at local level to lend mutual support and to give credence to the so-called "triple alliance" formed by their unions at the beginning of the year.

It may be characteristic of the Left to exaggerate its chances of a political break-through, but February showed that the miners still have the organisation and political will to wrench a government, if only temporarily, off the tracks. At the head of the NUM, the Left's prospectus cannot be dismissed as mere rhetoric.

Events in Jersey last week tended to confirm Mr Scargill's assessment of the way the NUM at least is moving.

The moderates, whose champion in the presidential lists is Mr Trevor Bell, secretary of the white-collar section, have lost their cohesion in the face of the militant alliance led by Yorkshire, Scotland and South Wales.

Mr Michael McGahey, Communist president of the Scottish area, secured the union's nomination to the TUC general council after a moderate area switched its vote. A hardline pay resolution, presented in unashamedly political terms as the *signal for a general trade union* offensive against cuts in living standards, was overwhelmingly adopted—again after moderate defections.

A move to commit the union to support Mr Tony Benn's challenge for the deputy leadership of the Labour Party only narrowly failed on procedural grounds, while the possibility that the Government would turn down development of the Vale of Belvour coalfield in Leicestershire united all factions in warning that industrial action would follow a negative decision.

To win the conference, however, is not the same as winning the national executive. The moderates still hold a 14-11 majority

The moderates could find their position eroded on the executive after elections in the cokemen's section and in the Midlands area. In the Midlands the incumbent, Mr Joe McKie, has lost his seat but two of his three challengers have dead-heated. The result of the re-run could have some marginal impact on the executive line-up.

Likewise, the big Nottinghamshire coalfield — whose two executive members have been voting on different sides — is undergoing political change.

If Mr Scargill becomes president he will not, however, be able to wield the executive easily as Mr Gormley has done—to the extent on one occasion of overturning a coalfield ballot. He will probably therefore resort, where he can, to a recalled conference on the major issues. This is the intention this autumn when the wage negotiations are concluded.

So that leaves matters to the miners themselves. Before they are asked to cast their votes for the presidency their view of the political situation will be tested on at least two counts.

Aslef proposes more talks to avert Tube strike

A MOVE to avert the threatened London Underground strike is being made by Aslef, the train drivers' union.

The strike—from July 20—was authorised by the National Union of Railwaymen after their 15,000 Underground members rejected an 8 per cent pay offer.

A strike, if prolonged, could affect the transport plans of Royal wedding sightseers.

Now Aslef's executive has proposed the holding of a "peace conference" between London Transport executive, the NUR and unions representing London bus workers—who have already settled for 8 per cent.

The Transport and General Workers' Union has warned London Transport it will re-open pay talks for London busmen if tube workers get a bigger rise.

Fresh bid to end dock dispute

By Our Labour Staff

FRESH EFFORTS to solve the Southampton dockers' pay dispute—now more than three months old—are expected this week when union leaders will be asked to consider a new pay formula spread over two years instead of one.

Shop stewards representing 1,600 dockers and employers dominated by the British Transport Docks Board will be making the second attempt in a fortnight to break the deadlock over pay which has led to serious disruption of cargo-handling and other services since March.

The dockers were due for their annual pay rise last January, but the employers strongly opposed a claim for a rise which they originally estimated at over 20 per cent.

The men demanded a basic wage of £120 a week in a bid to win earnings comparability with non-registered dock staff.

Since the end of last April, the port has been operating only a single weekday shift because of the dispute.

TUC to examine perils workers face from public

BY OUR LABOUR STAFF

THE PROBLEM of assaults on workers whose jobs bring them in contact with the public is to be examined at a special TUC conference this week.

More than 170 delegates from 25 unions, representing over 3m workers, are expected to meet on Thursday for what will be the first national union conference on the issue.

Workers most exposed to assaults are said to include teachers, bank employees, prison officers, pub and bar staff, hospital workers and bus drivers. In addition social workers, traffic wardens, sports and entertainment staff, shop assistants, home helps, rent collectors, meter readers and insurance agents are said to be "vulnerable."

The trade unionists will try to find ways of bringing employers and workers together to identify risks and seek solutions. Ways of increasing the amount of information on the scale of the problem will also be discussed.

There may be a lot of scope for improving security arrangements in many kinds of job. The unions' evidence to the TUC has drawn attention to the need for preventive measures.

The National Association of Licensed House Managers says that at least three or four of its members require medical treatment each week because of attacks by customers.

It said that during 1980, 179 claims were submitted to the Criminal Injuries Compensation Board and a total of more than £33,000 had been awarded so far to 81 claimants.

The National and Local Government Officers' Association reported 36 cases referred to its legal department since 1976, especially from residential home and assessment centre staff and social workers.

The Union of Shop, Distributive and Allied Workers reviewed 56 cases in which compensation was recovered between 1976 and 1980.

The Confederation of Health Service Employees reported 126 claims to the compensation board in 1980 and the Transport and General Workers' Union has emphasised the dangers to bus crews. In 1980, 1,123 assaults were made on bus workers in London alone.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

July 15-Aug. 1	The Royal Tournament (01-371 8141)	Earls Court
July 15-17	The London Cleaning and Maintenance Exhibition (01-446 2411)	Wembley Conference Centre
July 19-23	Autumn '81 Lightshow (Moelfre 88396)	Olympia
July 19-23	21st Harrogate Gift Fair (0382 867153)	Harrogate
Aug. 21-31	Motorcycle Show—BIKE '81 (01-385 1200)	Earls Court
Aug. 23-26	International Craft and Hobby Fair (04252 72711)	Wembley Conference Centre
Aug. 23-28	Solar World Forum—International Energy Society Congress and Exhibition (01-493 6601)	Brighton Centre
Sept. 3-5	Business and Light Aviation Show (01-643 8040)	Cranfield Airfield
Sept. 6-10	Watch, Jewellery and Silver Trades Fair (01-643 8040)	Earls Court
Sept. 8-10	Laboratory 81 Exhibition (0799 22612)	Grosvenor House, W1
Sept. 11-13	National CB Show (01-437 1002)	Old Horticultural Halls, SW1
Sept. 13-16	MAB International Menswear Fair (0727 63213)	Earls Court
Sept. 15-17	Industrial Environment Show (01-686 6339)	Olympia
Sept. 15-22	International Plastics Exhibition—INTERPLAS (021-705 6707)	National Exhibition Centre, Birmingham
Sept. 15-18	Offshore Europe 81 Exhibition and Conference (01-549 5831)	Aberdeen

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Aug. 24-28	International Public Works and Municipal Services Exhibition—CIVICON (01-486 1951)	Johannesburg
Aug. 25-Sept. 2	International Exhibition of Agriculture, Machinery and Produce (01-486 1951)	Mexico
Aug. 28-Sept. 6	International Fair of Consumer Goods (01-874 6034)	Stockholm
Aug. 29-Sept. 2	International Fair (01-734 0543)	Frankfurt
Sept. 4-13	International Radio and TV Exhibition (01-540 1101)	Berlin
Sept. 5-8	International Exhibition of Sports Goods and Outdoor Activities (01-439 3964)	Paris
Sept. 9-12	Electronic Packaging Exhibition—INTERNEPCON (01-390 0281)	Taipei
Sept. 9-17	International Engineering Fair (01-278 0281)	Brno
Sept. 18-20	International Trade Fair for Tableware, China, Glassware, Cutlery and Metalware Accessories (01-204 1212)	Salzburg
Sept. 11-20	International Autumn Fair (01-486 1951)	Zagreb
Sept. 14-18	SE Asian Production Machinery and Engineering Equipment Exhibition (01-486 1951)	Singapore
Sept. 19-20	Scandinavian Fashion Week (01-540 1101)	Copenhagen
Sept. 20-23	Hardware Trade Fair (01-439 3964)	Paris

BUSINESS AND MANAGEMENT CONFERENCES

Current	Cranfield School of Management: Marketing of Financial Services (0234 751122) (to July 17)	Bedford
Current	Institute of Bankers/Administrative Staff College, Henley: Business Strategies for the 1980s (01-623 3531) (to July 17)	Henley
July 13-14	The British Computer Society: British National Conference on Databases (01-637 0471)	Jesus College, Cambridge
July 14	Oyez-IBC: Management of Inshore/Offshore Diving Operations (01-242 2481)	Sudbury Conference Theatre, EC1
July 14	The Henley Centre for Forecasting: Agents of social change and their impact (01-353 9961)	Tudor Street, EC4
July 14	LCCI: Focus on Italy (01-248 4444)	Cannon Street, EC4
July 15	Liaison Committee for the Cleaning Industry: The Bubbles and the Politics (01-407 2304)	Wembley Conference Centre
July 15	Offshore Suppliers Information Centre: British National Oil Corporation Vendors Forum (01-439 9021)	Glasgow
July 16	Institute of Credit Management: Minis, Micros and Credit Management (0990 23711)	Cumberland Hotel, W1
July 16-17	Brunel Institute: Developing Women (0895 56461)	Uxbridge
July 23-24	University of Bradford: The causes and symptoms of company failure (Bradford 42299)	Heaton Mount, Bradford
July 27-Aug. 2	Investment Seminars International: Offshore investment seminar on international portfolio strategies and techniques (01-839 2922)	Grosvenor House Hotel, London
Aug. 6-7	AMR International: Executive Project Management (01-262 2732)	Gleneagles Hotel, Perthshire
Aug. 19	Institute of Credit Management: Credit Clerks Training Day (0990 23711)	Kensington Palace Hotel, W8
Aug. 25	Management Training Consultants: Modular Approach to Supervisory Training (0533 27062)	Aberdeen
Sept. 3	Citizens' Rights Office: Income Maintenance and the Personnel Officer's Job (01-405 5942)	Cora Hotel, WC1
Sept. 7	British Computer Society: Query Languages for the End User (01-637 0471)	Mount Royal Hotel
Sept. 10-12	Institute of Local Government Administrators: Employment—the Local Government Response (0206 45212)	Birmingham
Sept. 13-26	Seatrade Academy: Anatomy of Shipping (0223 353451)	Cambridge
Sept. 16-17	Financial Times: Euro-Korean Symposium (01-621 1355)	Brussels
Sept. 17	Freight Transport Association National Conference: Efficiency in the '80s (0892 26171)	Wembley Conference Centre
Sept. 17-18	The Economist: International Oil Supplies and Stockpiling Conference (01-839 7000)	Hamburg

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

TECHNOLOGY

EDITED BY ALAN CANE

ICI will offer new chlorine cell to all

Chlorine, used in PVC, solvents and refrigerants, is costly to produce. **Geoffrey Charlish** describes how ICI's Mond division tackled the problem.

MOND DIVISION of ICI has developed and will offer worldwide, a simple, compact and energy conserving membrane cell for chlorine/caustic soda production. It promises to put Britain in a much stronger equipment supply position in the face of foreign competition, notably from the East.

"We are after the Japanese—unashamedly," Tom Boulton, engineering development manager for the cell at Mond Division in Cheshire, says. And although ICI may have come into the market place a little late (there have been seven other companies offering membrane cells for up to three years), the new FM21 cell promises to give the competition something to think about.

Those companies include Diamond Shamrock in the U.S. and Asahi in Japan—Asahi has so far sold more units than the rest of the world put together according to Boulton. But some of the systems on offer could hardly be accommodated in a living room ICI says, whereas the new cell is not much bigger than a few filing cabinets.

Tom Boulton: "after the Japanese"

There are estimated to be between 400 and 500 western world chlorine production plants producing some 33m tonnes of product annually.

The most important use is in the production of polyvinyl chloride (PVC). Other major consumption occurs in plants making chlorinated solvents (for dry cleaning for example), refrigerants, pulp and paper, and water treatment chemicals.

It is likely that for both replacement and new plants, operators will tend towards the membrane cell rather than the long-established mercury or diaphragm types. The former is banned in Japan after the notorious mercury poisoning tragedy (Minamato disease) there a few years ago.

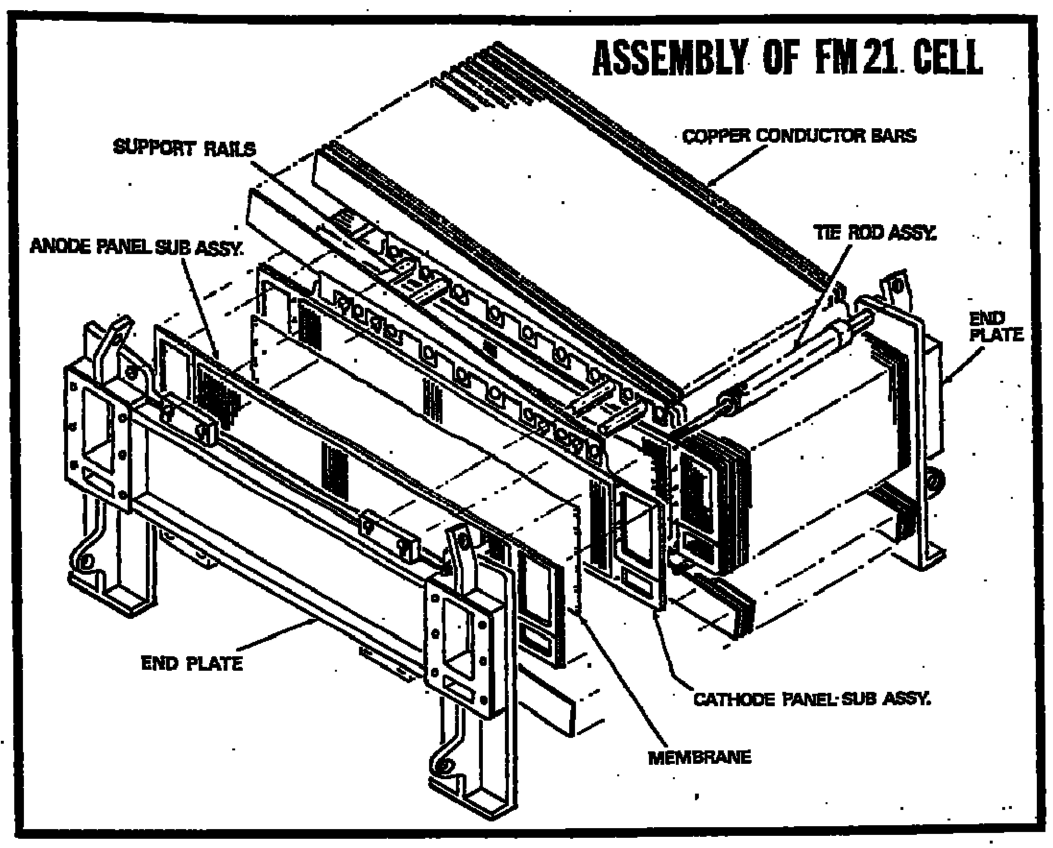
Paul Henstridge, marketing manager for the ICI cell sees a contracting future for mercury and diaphragm types. He estimates that, of the total membrane cell business of 10m tonnes chlorine capacity that will be purchased in the remainder of this decade, 20 per cent will go to ICI's FM21.

Apart from cutting environmental risks, FM21 will also cut energy costs in the chlorine industry, second largest consumer after aluminium smelting.

Whereas typical consumption of the mercury cells can exceed 3000 kilowatt hours per tonne and of the diaphragm cells about 2600 kWhr/tonne, the new cell uses only 2300.

The decision to make the new cell available universally marks a change of policy at ICI, which normally reserves the benefits of such developments for use within the company.

Marketing will be through a limited number of preferred contractors, the first two of which are Chemetics International of Vancouver and Catalytic Inc. of Philadelphia and London. Both will offer a complete range of technology to complement the FM21 in new plants and in conversions from mercury and diaghragm cells. The arrangements are non-exclusive however, and the cell will be made available at ICI's discretion through other contractors and direct to end users.



The new FM21 cell: simplicity and small size are the keynotes

How Mond cut chlorine costs

Keynote of the FM 21 design is simplicity. Basically, a membrane cell consists of an anode plate and a cathode plate separated by a cationic membrane which in this case gives preference to the passage of positive sodium ions.

On the anode side, brine is fed in and depleted brine removed while chlorine gas is generated and extracted. On the cathode side sodium hydroxide is formed and removed, some of which is re-cycled into the cell with water. The preferential transfer of sodium ions across the membrane means that pure caustic, uncontaminated with sodium chloride is produced at the cathode.

The design is monopolar: a number of cells are sandwiched side-by-side and all the anodes and all the cathodes are connected together. A minimum number of components have been used — anodes, cathodes, gaskets, membranes — and there are repeated until the desired capacity is reached. They are sandwiched between end plates that are linked by tie rods at the four corners. No external framework is required and external piping to individual cell compartments is eliminated by internal porting.

In service the FM 21 cell will return a power consumption of 2300 kWHr/tonne sodium hydroxide at a current density of 2,000 amps/sq metre, providing caustic soda at a strength of 35 per cent with a quality equal to that from mercury cells. Developments in hand are expected to reduce energy usage to less than 2,000 kWHr within the next year.

The cell has been operated at current densities up to 4,000 amps/sq metre and it can be provided in units of any amperage up to 150,000 amps total.

In addition to laboratory and pilot cells full scale cells have been operating for over a year. A demonstration plant of 2,500 tonnes/year capacity has just been commissioned at ICI's Lostock Works.

A surprising aspect of the FM 21 is that the membrane it uses is made in Japan—by major competitor Asahi. ICI, it seems, could find no worthwhile alternative to the Japanese company's Flemion membrane outside Asahi's patents. But FM 21 will work, albeit less efficiently, with any of the appropriate membranes currently on the market.

..POINTERS..

Finishing

SMALL COMPANIES which, hitherto, have had to be satisfied with only cleaning metal parts before painting because of costs, can now prepare metal for painting with Cool-Phos, a solvent based chemical which cleans and dry-phosphates it in one, four-stage, single tank, single dip process.

Developed and made by Diamond Shamrock, Cool-Phos, the company states, cuts out a costly process often requiring up to six tanks plus a drying oven, and will obtain a consistently superior finish.

Iron and steel vary widely in their acceptance of paint and not even thorough cleaning will guarantee consistent paint adhesion, while chipping leads to rust spreading over the metal parts.

Cool-Phos, according to the company, will obtain the consistently superior finish which can only be achieved from thorough cleaning of metal parts followed by coating with a crystalline layer of metal phosphate.

Diamond Shamrock is building-up case histories of companies which say they are benefiting from the adoption of this product. At Steel-Work Frames, makers of quality metal partitions and doors, six workers who hand wiped 10 ft long partitions and doors can now clean, phosphate and dry them at a rate of 50 per hour.

Another company, Weir Electronics, said it was first attracted to Cool-Phos because it requires no feed water and produces no waste water, thus minimising the effluent problem. More on 01-499 5018.

Moulding

GRACO HAS developed an automatic supply system that prepares the latest two-component liquid silicone rubbers (LSR) for injection moulding. The company says that, used with a slightly modified injection moulding machine, the new Hydra-Cat-Meter/mix system forms a fully automatic manufacturing unit for high volume production of small, low-weight rubber parts such as connector inserts, diaphragms, spark plug caps and "o" rings.

Base and catalysts' components pumped directly from 20-litre or 200-litre shipping containers, by the system which also proportions them, adds a colorant, mixes them, then feeds the mix into the injection cylinder of the moulding machine. More from 0902-51924.

Optical mounts

OPTICAL mounts with a specialised kinematic support allowing accurate adjustment of optical components, states the company, have been introduced by Ardel. The compact devices can, in one unit, provide five independent motions: two translations, two tilt motions and also rotation about the optical axis. More on 01-549 9735.

Controller

OFFERED IN a range of standard temperature bands from 0 to 150 deg C the new CAL 6102HC is an electronic, heat-cool temperature controller designed for heat-cool systems. The company states, however, that other temperature ranges can be supplied to order and dead band adjustments can be easily and quickly made by the user.

The case size—48 x 48 x 100 mm deep—is small, but it contains two, heavy duty, control relays, each rated at 250V 2A ac. An alternative model with solid state relay (250V 2A ac) is available for rapid load switching applications, especially where proportional control, with pulses as short as 0.1s, are required for operating solenoid valves in water and oil cooling systems. More on Hitchin 56391.

Gully guzzler

A STREAMLINED gully emptying machine based on the airflow system of the Vactor 810 and 800 combination units is to be introduced, the company states. The gully "guzzler" is designed to clear compacted gullies, catch basins, wet walls and cesspits, and claims the company, can clear almost dry materials, bottles, bricks, polythene and liquids. It is fitted with a 1,000 gallon refuse tank and a 200 gallon fresh water tank, with a tipping body and a centre mounted boom. Further information on 01-836 0586.

Production

HEWLETT-PACKARD says that its new computer-based production planning and control system, Production Management/3000 will enable manufacturers to exercise more effective control over their shop floor activities, work-in-process inventories and capacity requirements planning.

Designed to run on HP3000 computers, the system consists of a comprehensive set of six application modules for managing the production planning and control functions of most manufacturing operations. More on Reading 61022.

Relays

ERG Components has introduced the E-2A-5V in its range of dual in-line relays, which are guaranteed to a mean time between failures of 4.7x 10^8 operations. It has two make/break contacts, is fully sealed and is impervious, the company claims, to known methods of flow soldering and solvent cleaning. More from 0582-62241.

DBMS aid

PEOPLE with little or no programming experience will find that Prime's Query/Report Writer which has been added to the company's data base management system will extend DBMS to them. The company says that the facility is particularly helpful to staff who need to access the data base and produce reports, thus freeing the data processing department from the routine design of reports and allowing it to concentrate on more complex tasks. Additional details from 01-572 7400.

Lubricant

MOLYKOTE'S NEW lubricant Molykote Metalform is for application in the metal deformation of austenitic and ferritic steels, aluminium, copper and brass. Colourless and waxlike, the compay says, it is as well suited for machine elements in the textile, car and paper industries because it is non-staining. More on 734 5725.

Edge LEDS

EDGE EMITTING LEDs for use in digital optical fibre systems are available in a new family from ITT Microwave and Opto-Electronics. Intended for use in systems where the laser diode's high power and bandwidth are not required savings are consequently made on control circuitry. There are packages, says the company, to suit uses from high reliability telecommunications to general purposes. Details from 0803-550762.

BUILDING AND CIVIL ENGINEERING

£53m Hong Kong contract

THE CONSTRUCTION of the Sha Tin-Tai Po Coastal Highway in the New Territories, Hong Kong, is the largest single civil engineering contract ever let there. The work is to be completed in three years and has been awarded by the Hong Kong Government to Vianini SpA.

Forming part of the New Territories Trunk Road System, the project consists of a seven kilometre long dual three-lane highway from the northern end of Sha Tin New Town to Tai Po. At each end of the highway there will be a grade-separated interchange involving the construction of several concrete bridges.

Under a separate contract let in November of last year, Australian company Leighton Contractors Pty has already started construction of part of the interchange.

Because of the absence of a suitable alignment for the new road on the coastal strip (which is occupied by the existing road and the tracks of the Kowloon to Canton Railway) the new highway will be built principally on a embankment constructed in the sea.

Extensive dredging is necessary and, at several locations, reclamation adjacent to the new road is included in the contract whose design and construction supervision will be undertaken by Peter Fraenkell and Partners (Asia), a Hong Kong based company associated with Peter Fraenkey and Partners, the UK London-based consulting engineers.

The work is valued at £53m (HK$600m)

Hanomag builds in Hanover

A NEW factory complex is being built by the West German based construction machinery manufacturer, Hanomag, on its existing site at Hanover which is already occupied by the company's factory buildings.

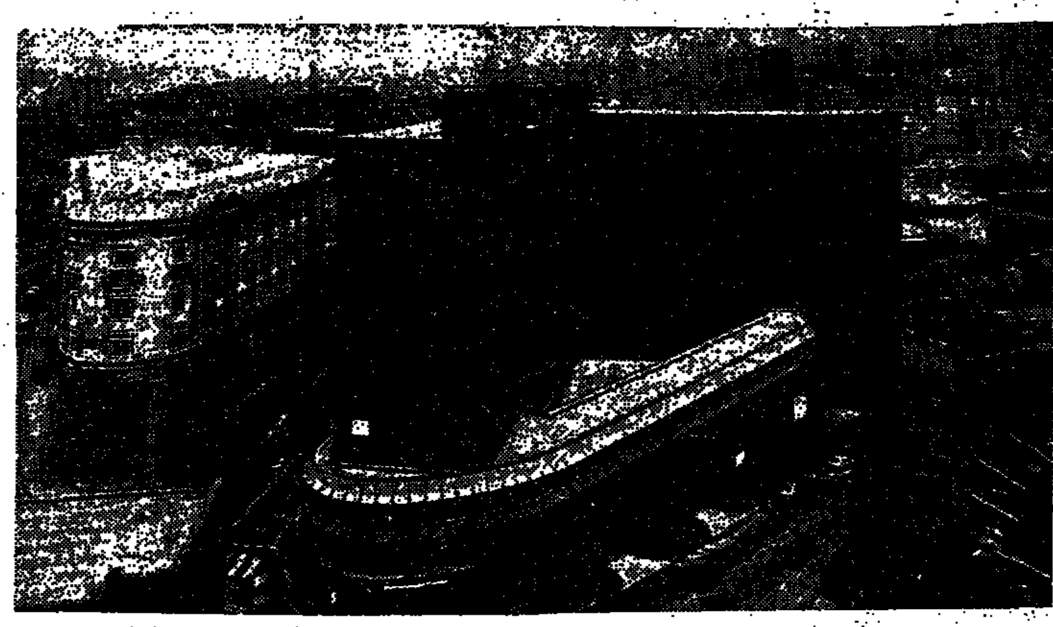
Following an agreement between the Government of Lower Saxony, the local town council and Hanomag GmbH, funding is made up of a joint 50 per cent contribution from these bodies with the remaining half coming from the company and its parent, the European IBH group.

The planned new factory promises to reflect the latest state of the art of technology and, in particular, will allow a nationalised flow production, not currently possible on the present 44,000 square metre factory grounds. Existing problem is due to the decentralised structure and location of the individual production units which have grown over decades. However, the new plant will be concentrated on a smaller area of about 22,000 square metres and will include a new research and development centre.

Upon completion, the new plant will have a final production capacity of 6,000 units per annum and should provide an increase in the number of jobs from its existing 3,000 level.

The company says that an investment of this nature demonstrates the commitment of the IBH group to meet both U.S. and Japanese competition. Construction work is set to commence in 1982 with production starting in 1985—the year of Hanomag's 150th anniversary.

The work is expected to cost around £35m.



This is Steel City Plaza, a £9.5m office block in Sheffield's business quarter. It was opened by Mr G. H. B. Carter, managing director of Trafalgar House Developments, who are responsible for the project. Construction was by W. J. Simms Sons and Cooke.

IN BRIEF

● Brims of Newcastle upon Tyne is to build a 1.4 km single carriageway under a £608,000 contract from Washington Development Corporation. It will serve the Pattinson industrial estate, Washington New Town. Drainage, a roundabout, pedestrian underpass, earthworks, traffic signs, road markings and lighting are included.

● Drainage renewal to Hounslow borough flats in Chiswick is to be undertaken by Tilbury Construction for £161,000, the latest of three Hounslow contracts with Tilbury totalling £3.25m.

● Bovis Civil Engineering is to build reservoirs for the Southern Water Authority and the Severn Trent Water Authority. Worth £410,000 the first contract is for an 8,000 cu m reinforced concrete service reservoir at Freshwater, Isle of Wight. The second, at £139,000, is for a smaller — 3,000 cu m — but similar reservoir at Littledean near Gloucester.

● North British Properties' first office development in Manchester — a five-storey, 15,500 gross sq ft block in Queen Street — is to be built by Wimpey under a £460,000 contract.

● Haden Young says that £1.25m contracts won by its Scottish division, mainly for heating, ventilation and air-conditioning installations were obtained against extremely competitive tenders. Haden Fire Protection has been awarded contracts totalling £130,000.

● Corrall is to extend and replace property of Alloy and Metal Products in east London under a £500,000 contract.

● Sun Alliance has contracted Costain to build a five-storey office block in Romford, Essex, for £1.6m.

● Trollope and Colls is to fit out the six-storey office block it has completed at Moorgate for its tenants Amsterdam Rotterdam Bank under a £1.5m contract.

● Two additional barrack blocks are to be built by Higgs and Hill at Gibraltar Barracks, Hawley, Surrey, under a £1.7m contract from the Property Services Agency. Other contracts including a £1.45m demolition in Bristol and a £1.2m office development in Wallington, Surrey.

● Banister Walton has been contracted by Matthew Hall Ortech to supply a structural steel building to house the NCB's largest capacity coal preparation plant for £1.66m.

● Scaffolding, shoring and concrete forming products are described in a eight-page illustrated brochure issued by Sherform. Two pages cover the design, construction and application of the concrete slump tester.

● Cubitts has received five contracts in Bristol and the south-west totalling more than £3.5m for building an office block, extending a divisional police headquarters, a BBC local radio station at Truro, a factory at Redruth and replacing collapsed walling on the River Dart at Totnes.

Crown House successes abroad

NASSAU, KHARTOUM, the Gulf, and Africa are some of the locations in which Crown House Engineering International has just been awarded a varied spread of contracts which together total around £15m.

The Bahamas Hotel Corporation has placed a US$8m contract for the design, supply and installation of the complete mechanical services for the five-star, 700-bedroom hotel at Cable Beach, Nassau. Architect is Robertson Ward Associates, with joint main contractors Blount International of Alabama and Cavalier Construction of the Bahamas.

Main contractor Mowlem, for the Sudan Development Corporation's project covering an office development in Khartoum, has awarded Crown House a US$5½m contract for the design, supply and installation of the mechanical and electrical services. This includes provision of air-conditioning, drainage and sanitation, fire services and the installation of lifts.

Crown House's Dubai-based subsidiary, Ghurair Crown Engineering (Private) announces two new jobs in the Gulf. One is worth £2.8m and is for the Abu Dhabi Marine Authority on Das Island. This calls for the installation of air-conditioning and electrical services to new clubs, messes, mosques, shops, offices and a medical centre. Costain is the main contractor and Revell Hayward and Partners the consulting engineers.

Also at Abu Dhabi is a £2m project covering similar work in the 18-storey building of the Arab Monetary Fund headquarters and includes 2,500 air-handling light fittings, upwards of 500 tons of refrigeration and electrical distribution, fire detection and diesel generating systems. The architect is Fitzroy Robinson, consulting engineer SANBAR, and main contractor Bernard Sunley and Sons.

Another of the company's subsidiaries, Crown House Engineering (Pty) has won four contracts in Africa. These are worth over £3.5m and include work being carried out on a hanger 8 complex for Jumbo jets, administration buildings for the Standard Bank, a Holiday Inn hotel at Sandtar, and phases I and II of Wrightec at Benoni.

Hospital, houses in Laing's £11m

MAJOR HOUSING schemes, hospital development and refurbishment of a renowned hotel make up £10.96m worth of new work announced by John Laing Construction.

A development at Crayford, Kent, for the CDS Co-operative Housing Society is worth £3.5m and embraces 137 flats, 36 houses and a common room for the elderly.

Intended to accommodate up to 445 people, the mixed development includes 57 flats for the active elderly, and the traditionally-built homes are arranged in 29 two- and three-storey blocks around a 5.8-acre site.

The United Housing Associations Trust will benefit from a £2.9m contract for 159 houses, flats, maisonettes and bungalows to be built at an area known as Feltham Triangle at Whitton, near Twickenham. This project is being funded by the London Borough of Richmond upon Thames.

The company's Scottish region has won an award worth around £1m to build a joint retail and housing development in Edinburgh. Called the Nicolson Street project, this involves constructing a 600 sq m ground-floor shopping area (to be let to Esmond Smith Estates and Development), and 35 homes above for Viewpoint Housing Association.

Shopping area construction will be to "shell" stage with a reinforced in situ concrete frame, and the residential L-shaped block will have suspended floors on loadbearing walls (externally of concrete block ashlar walls) and with a slated roof.

Accommodation will provide sheltered housing for the elderly, mainly in one- and two-person units, built in conjunction with the Housing Corporation.

Work at St Anthony's Hospital, Cheam, has already started and involves a two-storey staff amenity block as part of a design-and-construct contract valued at nearly £2.6m.

This has been awarded by the Congregation of the Daughters of the Cross and specifies in situ concrete frame with brick cladding and a tiled, pitched roof to match existing buildings.

A well-known North Yorkshire hotel, the Devonshire Arms at Skipton, is having a £960,000 face-lift and an internal improvement boost under a project for the Trustees of the Chatsworth Settlement. Apart from extensive renovation and improvement work to the existing building, work includes new services and alterations throughout and the construction of bedroom and kitchen extensions. The Duchess of Devonshire is overseeing the interior decorations and refurnishing.

£25m road order

THE GOVERNMENT of Cameroun has placed an order in excess of £25m for the construction of a road (and associated works) to run from Douala to Yaounde.

The project is to be handled by Volker Stevin Roads bv of Utrecht and Boskalis International bv of Papendrecht, using equipment from the UK, U.S., France and the Netherlands.

Work started a few weeks ago on the construction of a 62 kilometre long tar-road, 11.40 metres wide and two concrete bridges and a series of culverts.

The terrain is hilly and wooded, necessitating the clearance of 650 hectares of forest. About 3.4m cubic metres of laterite clay will have to be excavated and around 2.6m cubic metres of this re-used to form the first base of the road. The sub-base will be formed from 300,000 tons of broken stone and will be 35 cm thick.

Top layer of the road will be asphalt 1.8 cm thick, using 220,000 tons of the material.

Each of the bridges over the Doula to Yaounde Road is to be 20 metres long and 4 km of culverts, ranging in diameter from 80 to 320 cm, will be used. There will also be 17 km of guard rails at the sides of the road.

This project has been designed to combat the present problem in the region.

During the rainy reason the road is impassable and this new project has been designed to combat this long-time problem.

Mears wins Wallasey 'Tombola'

WITH the aim of promoting the development of a sandy headland in its lee — known as a "Tombola" effect—Mears Contractors (Edmund Nuttall Group) is to build a dog-bone shaped breakwater 120 metres off shore at Wallasey for Wirrall local authority.

The unique design of this breakthrough in breakwater technology has posed problems for Mears, including stockpiling of 80,000 tonnes of rock which have been accumulated in a harsh and demanding environment.

Henry Boot in West Fife

HENRY BOOT begins work this month on its £8.2m contract for building the first phase of the new West Fife District Council General Hospital at Bellyeoman, Dunfermline. The two-storey ward blocks, a single storey day hospital, a combined boiler house and works unit and a mortuary block are included in the three-year contract.

The company has also received from Milton Keynes Development Corporation, a £5.9m contract for 541 dwellings and a coffee hall.

£8m paving in Iraq

A BIG boost to the Rochester and Gloucester factories of Babcock Construction Equipment is the capture of a world-wide competitively offered contract to supply Iraq with 180 asphalt pavers, plus spare parts, to a value of £8m.

This constitutes Blaw Knox Rochester's largest ever paver order and, says the company, reflects its very successful record achieved in Iraq in recent years.

The pavers are to be supplied to the Ministry of Local Affairs and to the Ministry of Popular Works for Distribution throughout the municipalities, with deliveries commencing within three months.

Blaw Knox's existing resident engineer, backed up by further qualified engineers, will provide after-sales support.

Mowlem in Leeds

REBUILDING of offices above Lewis's department store in the Headrow, Leeds, is one of three building contracts totalling £2.3m in the city for Mowlem Northern. In addition to this £1m contract Mowlem is to alter and extend the Leeds College of Art to provide residences for Leeds General Infirmary and also to build five factory units at the Maler industrial estate.

The Georgian building of the art college—it dates from 1745—is to provide 29 flats and bed-sitters, but an original mosaic floor and a spiral staircase are to be restored.

At Harwich, Mowlem is to build a 200m long launch jetty for the Harbour Conservancy Board. It will consist of timber decking on a steel superstructure supported by 406mm diameter tubular steel piles 21m and 24m long.

Oil exploration school

AN INSTITUTE specialising in training engineers in all aspects of oil exploration will be the first of its kind to be built in the Middle East.

A £3m joint venture by Dowell Schlumberger and Sheikh Sultan Khalid al Qasimi, the centre will be created on a five acre site in the industrial region of Sharjah.

Covering an area of about 21,000 square feet, it will accommodate facilities for laboratories, training rooms and workshops. Steel construction is the choice to provide both a functional and attractive maintenance free building with future expansion capabilities, says Fitch and Company which is handling the building design, space planning, interior design, graphics and landscaping.

The complete design and construction programme is expected to be finished in eight months time, although some facilities at the training school will be utilised from next September.

Nat West banks on Bovis

NATIONAL WESTMINSTER BANK has contracted Bovis Construction for £1.52m to extend and up-grade its premises at Colchester. The six-storey 1,030 square metre extension will be linked to the present four-storey building.

Structurally of reinforced concrete frame with brick cladding the extension will include a strong-room and a bullion bay, and will feature a slate clad Mansard roof.

At Glenrothes in Scotland, Gilbert Ash, a Bovis company and part of the P & O group, is to build an extension for the industrial complex of the General Instrument Microelectronics. The main building is of steel frame construction with high quality brickwork and blockwork dado walls.

Mobil's new Strand office

WORK HAS started on the new offices which Trollope and Colls, part of the Trafalgar House group, is to build for Mobil at Clements Inn in the Strand, London, under an £11.2m contract. Standing next door to offices which Trollope and Colls completed for Mobil in 1975, the new building will provide a further 9,100 sq metres of air-conditioned offices, a staff restaurant and conference suite.

HARWELL HAS developed a device that enables quick, realistic tests to be carried out on fire detectors.

In the past decade large numbers of smoke detectors have been installed in hospitals, particularly those caring for the elderly and disabled and so the Department of Health and Social Security has sponsored the Harwell work.

The unit operates by generating a standardised aerosol to reproduce the effect of burning or smouldering materials. Fed through a tube into a five sided enclosure which has its open side pressed on to the ceiling round the detector, the aerosol concentration is gradually increased until the detector is activated.

More on 0235 24141.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Why Volvo made an oil-rich marriage

BY KENNETH GOODING

WHEN Pehr Gyllenhammar took over as managing director of Volvo ten years ago it was a one-product company with a turnover of SKr 5.3bn (roughly £500m), a highly-centralised management structure with a functional organisation, a management team which was production-oriented, and a market which was concentrated on Scandinavia and the rest of Europe.

In May Volvo emerged as part of a Swedish conglomerate with a turnover of at least SKr 30bn (£3bn), a decentralised structure and a variety of businesses spread around the world—not one of which accounts for more than a quarter of total sales.

At the same time two more limited deals, with French and U.S. companies have reinforced Volvo's traditional car and truck operations.

It has been a traumatic decade for Gyllenhammar. Decentralising the management structure was relatively easy. Finding the growth businesses to offset the problems facing all manufacturers of cars in small volume was not.

Twice Gyllenhammar thought he had found a solution, only to be embarrassingly rebuffed by his shareholders. And the chances of his remaining as managing director could not have been many when he came up with the idea of a merger with Beijerinvest, the Swedish conglomerate—a deal finally consummated at the end of May.

Beijerinvest, built up by Anders Wall, has about 180 separate companies. But the particular attraction for Gyllenhammar was its involvement in the energy sector. It is one of the world's largest petroleum traders, operates a fleet of tankers and has 115 producing oil wells in Texas.

All of which should help provide the "cash flow through energy" with which Gyllenhammar hopes to balance Volvo's traditional manufacturing businesses where the investment is large and the results in cash terms take some time to come through.

He can also see that there will be little growth in the medium term in the car and truck markets which Volvo supplies. "So Beijerinvest, with its heavy involvement in the energy sector, is also the answer to our search for a growth sector to offset the short-term problems elsewhere."

That does not mean that the car and truck operation within the new Volvo Beijer will be permitted to lean on the Beijerinvest profit-makers. "Beijerinvest is no answer to our problems if we can't manage the car or truck businesses properly. Every part of the new group must make it on its own," insists Gyllenhammar.

In its best year, 1979, Volvo sold about 300,000 cars and 30,000 trucks compared with the 2m vehicles widely reckoned to be the level at which it is possible to be a viable volume producer in the modern automotive industry.

But Volvo insists it has found the answers to the volume problem. To start with it is far less vertically integrated than most volume makers and buys in most components. Its car component plants mainly manufacture engines and gearboxes for large cars.

It would be difficult for Volvo to justify future investment even in those components if it had not come up with a joint venture scheme with Renault.

Add Volvo's big car volume, 250,000, to about 150,000 a year from Renault and you reach a scale that makes investment in new engines and gearboxes look reasonable.

To cement the arrangement, Volvo split the car division away into a separate company in which Renault initially took a 10 per cent stake and recently raised it to 15 per cent. That increase by Renault was built into the original deal. It will be possible to get a better idea of whether the arrangement is really working if Renault voluntarily takes up a further 5 per cent of Volvo Car.

So far, according to Gyllenhammar "we are working remarkably well together," in spite of some language difficulties—a familiar problem for anyone dealing with the French.

As far as its large cars are concerned, Volvo will continue to follow a policy of keeping a large share of a small niche in the total market, a niche where factors such as quality, comfort, operating economy and safety are generally more important selling points than price.

This will not be easy because nearly all the European volume car makers are also moving up-market in order to differentiate their products from the value-for-money image of the Japanese products.

Perverse

Volvo's move into the medium-sized car business in 1974 through the purchase of an interest in the Daf car operations in the Netherlands — with the Dutch Government as the other shareholder — seemed almost perverse. It took the company downmarket and into direct competition with the volume car makers.

Volvo BV, as the Daf business became, was designed to have a very low break-even level of output like the Swedish car assembly operations. But that level, 100,000 cars a year, has never been reached since Volvo took majority control of Daf. The best year saw 90,000 cars leave the plant. In 1980 the total was around 80,000.

So Volvo BV has been a persistent loss-maker. By the end of 1980 the cost to Volvo had reached SKr 600m (about £60m). In motor industry terms, however, this is a very small sum for which to introduce an entirely new car.

For the main idea was to give the independent dealers who handle Volvo cars in Europe and Scandinavia more metal to generate more profit. Otherwise many of them would have deserted for other makes as demand for large cars fell. In this respect Volvo's timing was excellent. The small cars, while unprofitable to make, have generated reasonable profits for the dealers.

Although the revamped Daf got off to a shaky start in the public estimation, the more work Volvo put in on the car the more acceptable it became.

The way it will work

ANDERS WALL, the man who built up Beijerinvest, is chairman of the new group, Volvo Beijer. He will be responsible in particular for the group's financial and portfolio management and for matters related to the capital and stock markets, as well as representing the group in organisations and major listed companies in Sweden and elsewhere.

Pehr Gyllenhammar is managing director and chief executive officer.

When asked whether two such strong-willed men could work together successfully, Wall replied: "Pehr is boss and I will fight beside him to the bitter end."

Volvo Beijer has still to formulate the precise terms for its new organisational structure: in Sweden this involves a considerable consultation process. However, Volvo's head office employed only about 100 people and it has promised that the new one will be no larger, "since there will be increased decentralisation by stages within the new group.

"The decentralisation means that each subsidiary in the group will be managed by a board and management whose responsibility it is — within the framework of the group's strategic guidelines and the need for a flexible distribution of resources— to develop the subsidiary's strategy and direct its operations. Investment decisions are to be made by the board ofea ch company."

The main task of the corporate headquarters will be the usual one of ensuring "that the synergistic possibilities of the group's various sectors are utilised for growth and profitability; and to control over the manner in which the resources allocated to the subsidiaries are administered and developed." This is taken to refer more to Volvo's recent investments in North Sea oil than to its basic businesses.

And the introduction of a manual gearbox as an alternative to the Daf belt-driven automatic has certainly boosted sales in some markets.

In the UK, for example. the smaller 3-series cars have helped Volvo steadily increase its market share in unit terms during the past two years.

Carleric Haggstrom, a vice-president of Volvo Car, claims: "Volvo BV might have lost money but our dealers certainly make a good profit on the cars the Dutch company produces."

To survive, however, Volvo BV still has to develop new products and find the finance for that development. This, too, was neatly sorted out in May. The Dutch Government agreed to pump in another Fl 250m (roughly £50m) this year in return for boosting its stake from 45 to 70 per cent. Volvo will stump up Fl 95m (£19m) during the period from 1981 to 1983.

In 1983 the two partners will see how the land lies and, if they consider the outlook not too forbidding, will then inject a further Fl 618m (£123m) between 1984 and 1986. The Dutch Government's input will be Fl 460m of the total.

That will give Volvo BV some Fl 963m (£193m) to invest in new products — just about enough to buy a new body shell to wrap around Renault mechanical parts.

The small car subsidiary may have been a drain on Volvo's profits, but the group was one of the few motor manufacturers outside Japan which has continued to make profits from its car operations during the current recession.

But the star performer during this period has undoubtedly been the truck business — exactly as it was designed to become, when, after the first oil price shocks of 1973, Volvo chose to invest heavily in commercial vehicles.

With an output of 30,000 Volvo is now the third-largest heavy truck maker in Europe, after Daimler-Benz of West Germany and Iveco, a subsidiary of Fiat of Italy.

Volvo is sure that its relative success stems from the fact that it makes its own key components — engines, gearboxes and rear axles—and ensures that they are sufficiently compatible to give its trucks the reliability and longevity essential if they are to command a premium price.

In the truck business volume still matters. Outside suppliers would be perfectly willing to offer all these products at highly-competitive prices. If Volvo is to justify the heavy investment in its own driveline components, it must push truck output up fairly quickly to 40,000 a year and then to 90,000 by the end of this decade.

To achieve that ambition Volvo must get a better footing in the U.S. Currently there are only two areas in the world where heavy trucks are sold in significant numbers—Europe with about 140,000 a year, and the U.S. with 100,000. Only another 50,000 heavies are sold throughout the rest of the world.

Three years ago Volvo signed a distribution deal with Freightliner in the States with the target of building sales to 3,000 a year fairly quickly.

But the recession which helped hold sales down to 1,000 last year has caused more convulsions in the U.S. truck market. One result was that Daimler-Benz, Volvo's main European rival on the heavy truck scene, was able to buy Freightliner, a deal which apparently caught Volvo unawares.

This forced Volvo to look hastily for an alternative route in the States. A prime target was the bankrupt White Motor. Volvo has just completed the purchase, for $75m, of some of White's assets.

The deal gives Volvo the right to the White name, its product range of American-style heavy trucks, and three factories.

"With around 7 per cent of the U.S. heavy truck market, White is just the right size for us," says Gyllenhammar. "It has a good product range, introduced only in 1977, and some of the most up-to-date facilities in the U.S. It certainly wasn't for lack of a good product that White got into difficulties."

The first priority will be to turn White back to profitability. For four or five years Volvo will continue to sell the current White range along with "certain Volvo products which can be introduced on their own merits." Which suggests Volvo will hope to get into the fast-growing U.S. market for medium-sized, diesel-engined trucks through the White connection.

There is also the possibility that Volvo could launch into the American bus market through the White assembly facilities.

Key elements

In about four years' time decisions will be taken about integrating the White and Volvo models and the possible use of Volvo components in White Trucks.

This will not be easy to achieve because the American truck operators are used to specifying in some detail the key elements in any truck they buy. Volvo will somehow have to stimulate this "pull" demand for its own engines, gearboxes and axles.

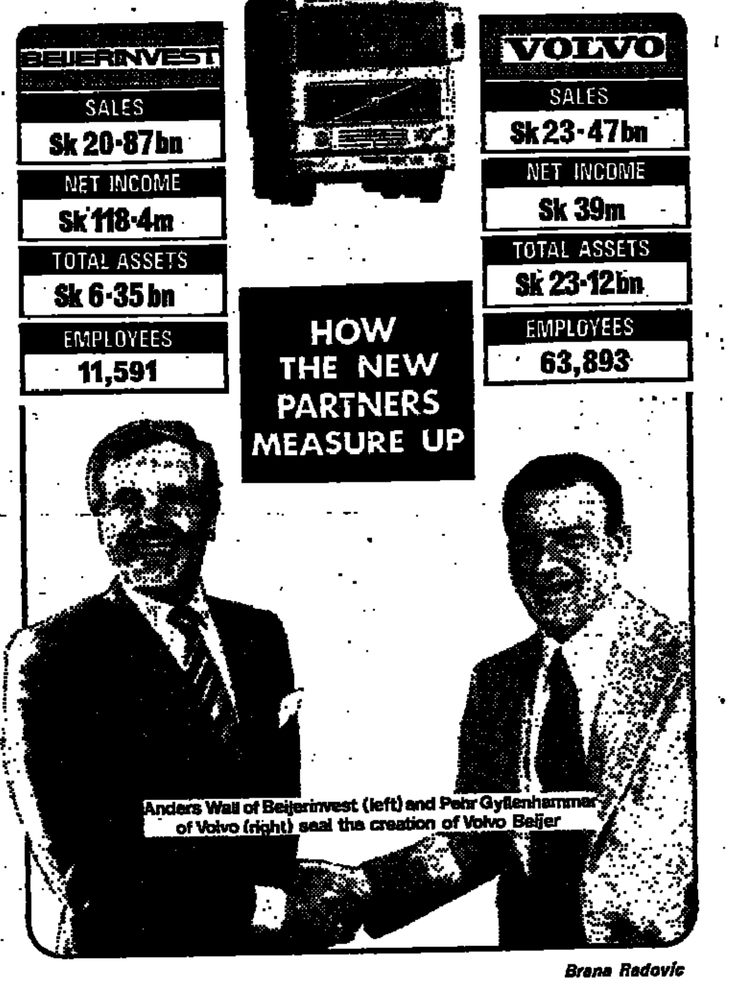
Thus, just as the Volvo group as a whole is starting out through the 1980s in an entirely different shape from the one with which it left the 1970s, its traditional businesses, cars and trucks, have also taken on a very different aspect.

It is far too early to judge whether the Gyllenhammar strategy for the car and truck divisions will have even relative success.

But, suprisingly, the Beijerinvest shareholders, who after all had invested in a free-wheeling business which grew extremely rapidly in the 1970s, showed no little enthusiasm for the merger: holders of 97 per cent of the Beijerinvest shares accepted the Volvo bid in May.

That may partly be because Volvo now looks surprisingly similar to one of those major Japanese groups which link trading and manufacturing interests, with strong financial support. Gyllenhammar says they have precisely the form of organisation that Volvo Beijer might develop to achieve the cross fertilisation of various operations.

"If, for example, Volvo wants to export cars to a country in Africa, we will now have strong possibilities of going in and getting paid through reciprocal deals. We can take oil in payment, or other products such as raw materials and metals, for example, and sell them in other countries. As protectionism develops in the motor industry I am sure our ingenuity will be taxed more and more in this way."



Anders Wall of Beijerinvest (left) and Pehr Gyllenhammar of Volvo (right) seal the creation of Volvo Beijer

Brana Radovic

Management abstracts

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (inc. VAT and p + p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

The Implementation of New Technology. J. Russell in Industrial and Commercial Training (UK), March 1981; p. 86 (6½ pages, diag., tables)

Outlines factors specific to Japan, U.S. and UK that favour or constrain technological change, and compares employment policies and practices; discusses management and workforce attitudes that contribute to poor UK productivity.

UK and U.S. Approaches to Accounting for Changing Prices. F. Rayburn and B. Cargile in The Accountant's Magazine (Scotland), March 1981; p. 74 (2½ pages, tables)

Compares the inflation accounting standards issued in U.S. and UK; traces how differing objectives have produced fundamental differences in procedures and in disclosure patterns.

Word Processing: Going All the Way. F. Lürbke in Bürotechnik (Fed. Rep. of Germany), Feb. 1981; p. 136 (2½ pages, illus.; in German, English version available)

A report on an insurance company's (Nordstern) implemented decision to switch all typing tasks to word processors with screen display; discusses the new arrangement and what they achieved.

Shared Chief Executive Authority. S. C. Vance in Directors and Boards (U.S.), Autumn 1980; p. 5 (5½ pages, chart, tables)

Examines the adoption of the concept of "office of the president" in companies as a means of sharing authority, especially in strategic planning and resource allocation; outlines benefits and drawbacks.

LOMBARD

An emperor undresses

BY ANTHONY HARRIS

THE OECD has attracted some unkind jokes with its honest confession that its latest economic forecasts are based on unrealistic assumptions—no change in exchange rates, to mention the most obvious. The experts in Paris should, on the contrary, get a medal. By open confession, they have demystified forecasting and dethroned their own computer. It is now possible to talk some sense.

The key sentence in the Paris confession is much more general than the particular assumptions which look so silly, and it is not silly at all. It is this:

"Even apparently well-attested regularities of behaviour, the basis of all forecasts, can change, sometimes abruptly."

Confession

That sentence, perhaps translated into plainer English, should be hung up in Dean Trench Street, at the London Business School, and other centres of "*scientific*" *projection*. Perhaps, though, it would be better to go behind the confession to the unspoken and largely forgotten assumption which underlies all forecasting models. The inscription would then read: '*If things don't change, they'll go on much the same as before.*'

It may seem sad to devote so much effort and expertise to elaborating such a fundamentally boring statement, but there's no escaping it. Economic models are based on the analysis of past behaviour. They can only "work" by assuming that past behaviour — or, in the more sophisticated models, past time-trends of change in behaviour—will persist. Otherwise the model collapses.

Now these projections are not useless or uninteresting. It is necessary to know where things are heading unless something is done about it. Indeed, if the practitioners would simply call them projections, and leave it at that, I would stop nagging. However, those who make projections, and still more those who quote them, have higher pretensions.

Consider, for example, how often you have heard critics of the present Government announce that they have "tested the policy" (or the Budget, or whatever) "in the Treasury Model, and it won't work." But the Government's policies are aimed to change behaviour, and any model must assume that behaviour will not change. This means, by simple extension, that no regression model can do anything other than forecast the failure of the Government's policies. This doesn't mean that the policies *will* work, but simply that a statistical projection cannot by nature contribute anything to the argument except by illustrating the cost of failure. These "tests" are frauds.

Of course, not all "models" are based on measured analysis of past behaviour. Some experts, such as Professor Patrick Minford and his team in Liverpool, mix observation with *theories* about behaviour which are pure intellectual abstractions. The rational expectations hypothesis (and note the word "hypothesis") almost amounts to an *assumption that the Government's policies will work*, for rational expectations would no doubt be held by *homo Thatcheriensis*. So the Liverpool "forecasts" now tend to be as cheerful as others are gloomy. Surprise!

Experience

An alternative approach is to build in wishful assumptions after the event. Forecasters such as the National Institute build honestly on experience, and then find the resulting projections intolerable. So they suddenly ignore experience, the basis of their science, and call for incomes policy, or some other nostrum. And there we are, back to changing behaviour in order to falsify a forecast.

It is no accident that we have found ourselves back where we came in, because as soon as people start talking policy rather than forecasts, their underlying assumptions change. The forecaster says "This is how we tend to go on." The *policymaker, in today's world*, says "We cannot go on like this." No wonder the dialogue gets confused.

Some copyright cases enable sharks to feed well

THE WEEK IN THE COURTS

BY JUSTINIAN

TERRORISM is not confined to violent personal action committed by the politically disaffected. There are plenty of people in commercial life only too ready to seize on the instrument of the law (particularly a defective one) and pervert it to their own ends, and to terrorise weaker mortals. An aspect of the copyright law reveals just such a situation.

Until 1963 the full potential of the copyright laws had not been realised. A decision of the High Court in that year, however, revealed that if a person copies an engineering component made by a competitor he renders himself liable for damages for infringement of copy*right in the drawing of the* component.* Infringement occurs even though the copier has never seen the drawings but has copied them from the component, and even though the component is the subject of neither a patent nor a registered design.

The decision of the High Court received at the time a warm welcome, including one from this column. It seemed eminently sensible that anyone who wanted to compete in engineering products, ranging from a needle to a steam engine, ought to take the trouble to design it for himself and not filch a competitor's work.

Why should anyone copy someone else's work and thereby save himself the time and effort which another has already expended? Blatant plagiarism has never been favoured by the courts, and cases in the courts have consistently supported the 1963 decision. So much so, that the legislature in the Design Copyright Act 1968 extended this aspect of copyright law to articles possessing appeal to the eye. Until then, articles in mass production had been excluded from the Copyright Act 1956.

Originators in the field of engineering were delighted with the law's development. But recent events have begun to put a question mark on whether the change was ultimately for the better.

Sharks seem to abound in the choppy waters of legal quirks. An unsuspected anomaly of the copyright law, as extended by the 1963 decision, has provided the sharks with some succulent smaller fish.

When the copyright statutes emerged from the mists of time the legislators found that they were fighting a losing battle against infringers of copyright. They turned to the device of making the penalties for in*fringement rather harsher*, in the hope of deterring infringement.

Based on earlier precedents, the Copyright Act 1956 still retained for the benefit of the copyright owner the remedy, not only of ordinary compensatory damages, but also of damages for conversion.

Damages for conversion operate in the following way. If an infringer of copyright has sold 100 infringing books at £5 each and has a further 100 books still in stock, the court will award the copyright owner roughly £100 by way of general damages for infringement of copyright and a further sum by way of damages for conversion amounting to the value of the books already sold — say, £400, together with the delivery up of the 100 books remaining in stock.

The House of Lords recently confirmed that damages for conversion in copyright cases are substantially the whole of the value of the copyright articles†. That seems on the face of it fair enough.

Now lets go back to the example of the 1963 case.

For reasons which may be entirely bona fide, and frequently are associated with a *period of co-operation* between the two parties which has come to an end, a company produces a machine resembling that of its competitors. Solicitors acting for the competitors then write a letter which might be couched in the following terms: "It has come to our clients' notice that you are manufacturing and selling a shoe polishing machine type XYZ. Our clients claim to be the owners of the copyright in a series of drawings for such machines, and a comparison of your machines with the drawings reveals that your machines are clearly an infringement of the copyright in the drawings. We have accordingly advised our clients that they are entitled to sue for an injunction, damages for infringement of copyright, and damages for conversion. Unless etc. etc. . . ."

What is the threatened company to do, remembering that infringement of copyright means the delivery up of their stock as well as damages? The "unless" paragraph in the solicitors' letter may spell financial ruin, particularly if the company is engaged in producing a single product.

In a recent instance, a foreign corporation threatened its British rival that unless the latter paid the foreign corporation nearly all its profits over the next ten years the British firm and its three directors would be made bankrupt as a result of copyright proceedings. Under such a threat, the British firm signed an extremely onerous agreement.

That sounds harsh enough. It sounds monstrous when it later turned out that the *foreign corporation* did not even own any relevant copyright at *all*, and that the British firm had not infringed the copyright of the foreigners, or indeed of anyone else.

The British firm could have defended any legal proceedings to a successful conclusion. But that itself would have been costly. Meanwhile, they might have been the subject of an interlocutory injunction, thereby disrupting their manufacturing business.

There is something radically wrong with the law that puts so powerful an instrument in the hands of the unscrupulous since there can be the existence of the threat of having to pay damages on a conversion basis.

If an alleged infringer may have to pay the total value of every machine he has made over the last five years, such a threat may not unreasonably induce many a manufacturer to succumb to a solicitors' letter before he has had the opportunity to inquire whether the prospective plaintiff does in fact own the copyright or not. He cannot afford the inherent risks of litigation to test the strength of the plaintiffs' case while disaster stares him in the face.

The threat against him is particularly effective if it is coupled with an offer of settlement at, say, a mere half of the value of the articles alleged to infringe copyright. Faced with such an offer of settlement, the defendant can scarcely resist the advice from *his lawyers that the defence of* a copyright action is uncertain and fraught with difficulties.

The remedy is both clear and urgent. The right to conversion damages in this area of copyright law should be abolished or drastically modified. The present position produces harshness on the alleged infringer and an unjust windfall to the owner of copyright. (If he proves not to be the owner of the copyright there is something close to fraud in his claim for damages.)

Until Parliament intervenes, at least the legal profession could do something to stop the more outrageous claims. Solicitors should not write letters on *their clients'* instructions—which carry the threat of liability to conversion damages—without first checking with their clients to see whether the claim to copyright ownership is capable of being substantiated. Therein lies the main vice of the present situation.

There is evidence that more and more such letters are emanating *from solicitors*, even the more reputable City solicitors. When the law is so defective as to permit unscrupulous persons to exploit it, there is an obligation on the part of the legal profession to do its best to curb the excesses of clients.

* *Dorling v. Honnor Marine Ltd.* [1964] Ch. 560

† *Infrabrics Ltd. v. Jaytex Ltd.* [1981] 2 W.L.R. 646

Piggott pleases purists at York

RACING

BY DOMINIC WIGAN

LESTER PIGGOTT, whose inspired riding at the July meeting—particularly in his asso*ciation with Light Cavalry*—drew so many plaudits from such respected judges at Mr Jim Joel, again kept the purists happy at his favourite course, York, on Saturday.

Piggott, whose repertoire of tactical skills has become something of a legend, had only one success from seven attempts to show for his efforts. However, *he has seldom ridden better.*

On State Trooper and Galveston, in particular, his skills were at their most apparent.

Determined to set a sufficiently fast early pace to expose any chinks in the stamina of the seven-furlong winner and market leader, Secret Gill, in the mile Harp Lager Handicap, *Piggott had State Trooper's six* rivals at full stretch fully three furlongs out.

Then, content to give his mount a slight "breather," Piggott only asked—and got—the required effort from State *Trooper close to home.* It was probably State Trooper's reserves of enery which saw him winning quite comfortably in the end.

On Galveston, Piggott was seen adopting more conventional tactics with a high-class handicapper attempting to defy top weight. Always a few lengths off the pace on Lord Derby's powerful Sir Ivor colt, whom he had "covered up" for most of the way, Piggott asked the penalised Sandown win*ner to go and win his race* a quarter of a mile from home.

Momentarily, Galveston, on whom Piggott had been intent on riding one of his most economical races, looked capable of taking control. However, approaching the final furlong it became clear that Amyndas, in receipt of 20 lbs, was travelling the better.

As is invariably the case, Europe's outstanding horseman was quick to accept the inevitable, preferring to ask Galveston for no more than was strictly necessary to secure second prize.

At this evening's meeting at Windsor, Twickenham looks all set to follow up his Salisbury victory in the Montrose Handicap.

LEICESTER

7.35—Windmills
8.00—Time Charter**
8.30—Cowdenbeath
9.00—Al Sandro

WINDSOR

6.40—Karkana*
7.30—Twickenham***

TV/Radio

÷ Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 1.12 pm Regional News for England (except London). 1.15 News. 1.30-1.45 Bod. 3.40 Your Songs of Praise Choice with Thora Hird. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Jana of the *Jungle*. 5.05 *Newsround*. 5.10 Blue Peter Flies the World: Malaysia.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.50 Ask the Family.
7.15 Blake's Seven.
8.10 Panorama: "Saddam's Iraq."
9.00 News.
9.25 *The Monday Film:* "WUSA" starring Paul Newman and Joanne Woodward.

All Regions as BBC1 except as follows:

Cymru/Wales—1.30-1.45 pm Dan Draed. 5.55-6.20 Wales Today. 6.50-7.15 Heddiw. 11.40 News and Weather for Wales.

Scotland — 9.50 am The Wombles. 9.55 *Jackanory*. ÷10.10 "Champion the Wonder Horse." 10.35-10.55 Take Hart. 1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.40 News and Weather for Scotland.

Northern Ireland—11.00-11.45 am The Twelfth: Coverage of The Orange Order's traditional procession through Belfast. 4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 The Twelfth. 12.25 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich): Look North (Leeds); Look North (Newcastle): Look North West (Manchester): Midlands Today (Birmingham): Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.55 Six Fifty-Five Special.
7.30 Return Call to Brass Tacks.
7.35 Mid-Evening News.
7.50 Arthur Negus Enjoys.
8.05 Secret Army.
9.00 Sing Country.
9.50 Brass Tacks: Race relations.
10.35 They're Playing My Tune.
10.45 Newsnight.
÷11.30 Laurel and Hardy in "The Chimp."

LONDON

9.30 am Cartoon Time. 9.40 The Search for the Persian Royal Road. 10.30 The Story of Tutankhamun. 11.25 Cartoon Time. 11.35 Razzmatazz. 12.00 am Chorlton and the Wheelies. 12.10 pm Rainbow. 12.30 Warrington 500. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Warrington 500. 2.00 The Riordans. ÷2.30 Monday Matinee: "The Naked Truth" starring Terry-Thomas and Peter Sellers. 4.15 Kiss Me Cat. 4.20 Now For Nookie. 4.45 Scarf Jack. 5.15 History of the Motor Car.

5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 The Krypton Factor.
7.30 Coronation Street.
8.00 Sorry, I'm A Stranger Here Myself.
8.30 World In Action.
9.00 Quincy.
10.00 News.
10.30 Hammer House of Horror.
11.30 Great Fights of the Seventies.
12.25 am Close: Sit Up and Listen with Sir David McNee.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am Larry the Lamb. 9.40 The World We Live In. 10.05 Young Ramsay. 10.55 Sungray. 11.20 Pro-Celebrity Snooker. 1.20 pm Anglia News. †2.00 Monday Film Matinee: "A Night to Remember" starring Kenneth More, Honor Blackman and David McCallum. 5.15 University Challenge. 6.00 About Anglia. 6.30 Survival. 10.30 Anglia Reports. 11.00 Speedway. 11.40 Hammer House of Horror. 12.40 am The Other Day.

ATV

9.35 am The Nature of Things. 10.30 Superstar Profile. 10.55 Driving Test. 11.20 The All British Country Music Special. 1.20 pm ATV News. 2.00 The Afternoon Thriller: "The Deadly Trap" starring Faye Dunaway. 3.45 Our Little Town. 5.15 Father Dear Father. 6.00 ATV Today. 10.30 Left, Right and Centre. 11.10 ATV News. 11.15 Hammer House of Horror. "Rude Awakening" starring Denholm Elliott. 12.15 am Something Different.

BORDER

9.35 am The Lost Islands. 10.00 Superstar Profile. 10.25 Chopper Squad. 11.10 Thunderbirds. 1.20 pm Border News. 2.30 Monday Matinee: "Worzel and Woolly." 5.15 Survival. 6.00 Lookaround Monday. 6.15 Try for Ten. 6.45 The Sound of . . . Stan Barker. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and weather. 2.00 The Monday Matinee: "The Long Ships." 5.15 Happy Days. 6.00 Channel Report. 6.20 Cartoontime. 6.30 Mork and Mindy. 10.28 Channel Late News. 11.30 News and weather in French.

GRAMPIAN

9.05 am First Thing. 9.50 Tarzan. 10.35 Al Cemino—Man of the North. 10.55 Call It Macaroni. 11.20 Cartoon. 11.35 Bailey's Bird. 1.20 pm North News. 2.00 The Monday Matinee: "Woman of Straw" starring Gina Lollobrigida, Sean Connery and Ralph Richardson. 5.15 Mork and Mindy. 6.00 Summer at Six. 6.35 Out of Town. 11.30 North Headlines. 11.35 Father Dear Father.

GRANADA

9.30 am Evolution. 9.50 Spiderman. 10.15 Tarzan. 11.00 Sesame Street. 1.20 pm Granada Reports. †2.00 Monday Matinee—Ralph Richardson in "The Sound Barrier." 5.15 Joe 90. 6.00 Granada Reports. 11.30 Today Tonight. 11.40 Cities.

HTV

9.45 am Survival. 10.10 Fang Face. 10.35 Fishermen of Clovelly. 11.00 Sesame Street. 1.20 pm HTV News. 2.00 Sea Horses. 2.15 Monday Matinee: "Bhowani Junction" starring Ava Gardner and Stewart Granger. 5.15 The Clifton House Mystery. 6.00 Report West. 10.28 HTV News. 11.30 Paris by Night.

HTV Cymru/Wales—As HTV West except: 12.0-12.10 pm Ffalabalam. 4.45-5.15 Ser. 6.00 Y Dydd. 6.25-7.00 Report Wales. 10.30 The Questors. 11.0-11.30 The South Wales Echo Snooker Tournament.

SCOTTISH

9.55 am Alphabet. 10.20 Adventure Time. 10.30 England Their England. 10.55 The Lost Islands. 11.20 Pro-Celebrity Snooker. 1.20 pm News and road and weather. 2.00 The Best of British—"The Red Shoes" starring Moira Shearer, Anton Walbrook and Marius Goring. 5.15 Mork and Mindy. 6.00 Scotland Today/Crimedesk. 6.30 Amazing Years of Cinema. 10.30 The Communicators. 11.00 Late Call. 11.05 Hammer House of Horror.

SOUTHERN

9.30 am Vikings in the Sunrise. 10.30 The Adventures of Niko. 11.00 Stars on Ice. 11.30 George Hamilton IV. 1.20 pm Southern News. 2.00 Houseparty. 2.25 "How to Break Up a Happy Divorce" starring Barbara Eden. 3.45 Life Begins at Forty. 5.15 Happy Days. 6.00 Day by Day. 11.30 WKRP in Cincinnati.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Untamed Frontier. 9.55 Beachcombers. 10.15 The Beatles. 10.25 Mumbly. 10.35 Stingray. 11.00 Sesame Street. 1.20 pm North East News and Lookaround. †2.00 Monday Matinee: "A Night to Remember" starring Kenneth More and Honor Blackman. 5.15 Mork and Mindy. 6.00 North East News. 6.02 Sale of the Century. 6.30 Northern Life. 10.30 North East News. 10.32 Northern Report. 11.00 The Lena Martell Show. 11.30 Our Little Town. 12.00 Four Angels To My Bed.

ULSTER

1.20 pm Lunchtime. 2.30 Monday Matinee: "Run A Crooked Mile," starring Louis Jourdan, Mary Tyler Moore and Wilfrid Hyde White. 4.13 Ulster News. 4.45 Call It Macaroni. 5.15 Joe 90. 6.00 Good Evening Ulster. 6.30 Here's Boomer. 10.28 Ulster Weather. 10.30 The Twelfth. 11.00 Golfing Greats (Johnny Miller). 11.30 Bedtime.

WESTWARD

9.35 am Sesame Street. 10.35 The Lost Islands. 11.00 Highland Clearance. 11.55 Wattoo Wattoo. 1.20 pm Westward News Headlines. 2.00 The Monday Matinee: "The Long Ships," starring Sidney Poitier. 4.12 Gus Honeybun's Birthdays. 5.15 Happy Days. 6.00 Westward Diary. 10.32 Westward Late News. 11.30 Faith For Life. 11.35 West Country Weather, Shipping Forecast.

YORKSHIRE

9.30 am Sally and Jake. 9.40 World We Live In. 10.05 Tarnot Bowls. 10.30 The Adventures of Niko. 11.00 The Coral World. 11.55 Wattoo Wattoo. 1.20 pm Calendar News. 2.00 The Monday Matinee: "Melba," starring Patrice Munsel. 4.00 Hear Here. 5.15 Sha Na Na. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Happy Days. 10.30 Clegg's People. 11.00 Hammer House of Horror.

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Steve Wright. 4.30 Peter Powell. 7.00 Stayin' Alive with Andy Peebles. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Gloria Hunniford (S). 12.00 John Dunn (S). 2.00 Jean Challis (S). 4.00 David Hamilton (S). 5.45 News and Sport. 6.00 David Symonds with Much More Music (S). 8.00 Folk on 2 (S). 9.00 Humphrey Lyttelton with The Best of Jazz (S). 9.55 Sports Desk. 10.00 Town and Country Quiz. 10.30 Star Sound. 11.00 Brian Matthew with Round Midnight. 1.00 Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Beethoven (S). 10.00 Alan Bush (S). 10.45 Valda Aveling harpsichord recital (S). 11.15 Bournemouth Symphony Orchestra (S). 1.00 pm News. 1.05 BBC Lunchtime Concert (S). 2.00 Matinee Musicale (S). 3.00 *New Records* (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Poetry Cambridge. 8.00 Cheltenham International Festival of Music 1981, part 1 (S). 8.45 The Delights of Music. 9.05 Concert, part 2 (S). 10.10 The Place of a Skull (short story). 10.30 Jazz in Britain (S). 11.00 News. 11.05-11.15 Mozart (S).

VHF only—Open University: 5.55-6.55 am and 11.15 pm-11.55.

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping forecast. 6.30 Today including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 The Week on 4. 8.45 Miles Kington explores the BBC Sound Archives. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. 10.02 A Small Country Living. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Down Your Way visits Aberdeen. 11.50 Weigh-In. 12.00 News. 12.02 pm You and Yours. 12.27 Lord Peter Wimsey. 12.55 Weather, Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.35 Smith Against the System. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather, Programme news. 6.00 News. 6.30 The News Quiz (S). 7.00 News. 7.05 The Archers. 7.20 Start the Week with Richard Baker. 8.00 The Monday Play: "Ross" by Terence Rattigan. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 Inside London. 7.03 Black Londoners. 8.00 All Radio 1. 10.00 Question Time from The House of Commons. 11.00-5.00 am Join Radio 2.

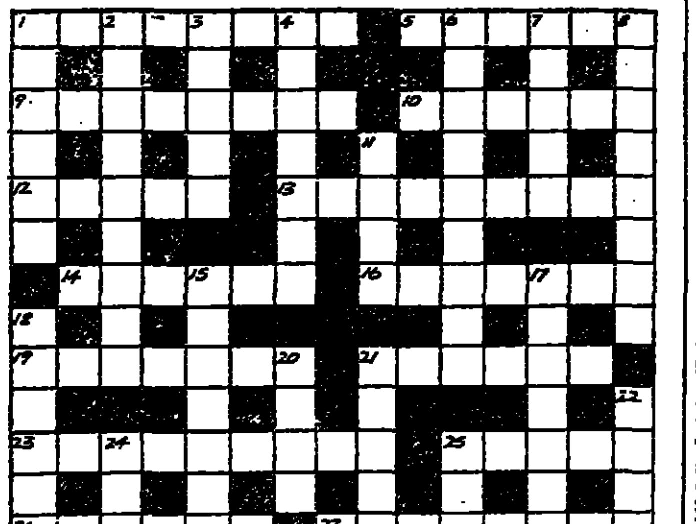
London Broadcasting

6.00 am—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 3.30 LBC Cinema. 4.00 After Eight Sunday (repeat). 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen (continued). 3.00 Roger Scott. 6.30 London Tonight. 8.30 Alan Freeman (rock music). 10.30 The Late Show. 12.00 Midnight Special—Phil Allen.

F.T. CROSSWORD PUZZLE No. 4,618



ACROSS

1 Grumble about article contained in service (8)
5 Is Cain's victim 11 Down? (6)
9 Fool to take through a dance slowly. A dance yes, but it's dead easy (8)
10 Sharpening the fringe (6)
12 Is sly about getting better (5)
13 Supporter of corn and wine (5-4)
14 Move stealthily and give useful information to a point (6)
16 One bird pecked another (7)
19 Snooker players want to do it but decline (2, 2, 3)
21 What the slithy toves did briefly in the wabe (6)
23 Becomes browned off and senseless in Macbeth's Scottish hill (9)
25 Musically above, but the voice must have no finish (5)
26 Ill-behaved endlessly and leaving nothing (6)
27 Cut a nine to become hooked in the end (8)
28 Member of an ancient religious fraternity getting caught in the essence (6)
29 Guide a mail-coach to SW Asian sultanate (8)

DOWN

1 Boy's savoury meat balls (6)
2 Cause to change position, but it's a temporary expedient (9)
3 Freemason's son located in the Outer Hebrides (5)
4 Poetical otiosity I had with*out direction* (7)
6 A splash wherein Mrs Porter and her daughter washed their feet (4-5)
7 Being established I left, but must appear outside (5)
8 Tendon that's lame and surrounded by surgical dressing (8)
11 Dull and monotonous strolling minstrel turned up (4)
15 Open up a letter from abroad? Then it could be from a crested bird! (6-3)
17 Place most likely to produce emanation from a medium (9)
18 When performing this caper one must be careful not to tread on shells (3-5)
20 Become less reserved, but it would be sore for those who lisp (4)
21 One who clutches at straws (7)
22 To wear chaff? (4, 2)
24 Names religious women holding nought (5)
25 Impromptu jazz? I'll be hanged! (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

FINANCIAL TIMES

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FINANCIAL TIMES SURVEY

Monday July 13 1981

ITALIAN REGIONS

Italy's complicated system of regional government is a compromise which reflects attempts to reconcile the huge differences in wealth, geography and history of different parts of the country. Hopes for the radical improvement the system needs depend on a fundamental change in the way Italy's politics operate.

Strength of local loyalties

By Rupert Cornwell
Rome Correspondent

REGIONALISM (or provincialism, if the reader prefers it) is both the blessing and the curse of Italy. The weakness of the central state, and the predominantly local loyalties of most of the population, have long meant that the sum of the country's disparate parts has been greater than the whole.

For similar reasons, Italy has never been able to carry the weight internationally to which its economic importance should entitle it.

When it comes to the crunch, Italian politicians with very few exceptions have tended to give greater priority to local, tactical considerations than to the overriding interests of the nation. The most glaring recent example, of course, was the 1979 Saudi Arabian oil kickbacks scandal.

The case has never been satisfactorily explained, and probably never will be. Suffice it to say that an extremely advantageous contract with Saudi Arabia was thrown to the winds as Italian politicians, impervious to the real world outside, bandied about allegations of huge payoffs as sensational as they still are unproven.

On the other hand though, the country's fragmentation, and its lack of centralisation, undoubtedly has enabled Italy to withstand shocks (terrorism, scandals and the like) which could have proved disastrous anywhere else. The comparative absence of genuinely "national" politicians, moreover, has tended to muffle the impact of the misdeeds, real or imagined, of the ruling class of the capital on the country at large.

These ambiguities lie at the heart of any examination of Italy's regional structure. It too reflects contending pressures: from one direction to endow the country with a system that respects the huge differences in wealth, geography and history between various parts of Italy, as well as the incontrovertible fact that matters are best run when kept within a small, or local context.

Pointing in the other direction is the need to have a minimum of central authority to foster a sense of nationhood, and to provide the central planning essential for any correction of existing imbalances—most obviously between a rich, Europeanised north and a poor, Mediterranean south.

These two arguments have their roots in Italian history. Fragmentation and its virtues are best illustrated by the extraordinary cultural, social and economic achievements of mediaeval and renaissance Italy, drawing their strength from the myriad competing city states of the north and centre. Four hundred years later came 19th century centralism and nationalism—on the tide of of which Piedmont, heavily conditioned by French attitudes, promoted Italian unity and the birth of the modern Italian state in 1860.

The regional structure which is enshrined in the country's post-war constitution is intended to reconcile these conflicting philosophies. It also forms a part of that system of checks and balances devised by the founding fathers of the republic to ensure that a disaster such as fascism could never occur again. But the rear-guard action of the bureaucracy and the political Right was hard-fought.

Assemblies

In the event it was 23 years after the promulgation of the 1947 constitution—in 1970—that the first nationwide elections for new regional assemblies took place. Admittedly the five so-called "special status" regions—the two major islands and the three northern frontier regions—came much earlier. Sicily's statutes in fact antedate the constitution, having been established by a decree in May 1946.

In 1948 Sardinia, the largely francophone Valle d'Aosta and Trentino Alto Adige with its ethnic German inhabitants, joined Sicily. Then in 1963, once Italy's frontier argument with Yugoslavia had been broadly settled, the extreme eastern region of Friuli Venezia Guilia joined them. But the 15 ordinary, mainland regions that are the core of the country had to wait even longer.

However, the 1970 elections were not the end of the story. A seven-year battle followed between Rome and the regions to decide the precise form of the devolution that would be permitted. The final 1977 settlement handed over to the regional authorities powers in three main areas: social services, the local economy (particularly the areas of agriculture, tourism and commerce), and local planning and development. Beneath the regions come 95 provinces (the administrative unit that coincides with the spread of prefects, the representatives of central government scattered throughout the country) and 8,085 communes. All of them, like the regions, are run by elected officials.

Hugh Routledge

The poor quarter of Naples. Last November's earthquake has added to the area's economic problems

Italy has thus endowed itself with a fiendishly complicated system of regional government—in essence a compromise that places the country somewhere between Germany, with its genuinely federal structure, and the long-since centralised states of Britain and France. But is the system working now that its "running in" period may be said to be over?

The most notable success, perhaps, lies in the virtual absence of serious separatist activities in the five "special status" regions granted greater autonomy than the other 15. True, sporadic incidents still occur in Alto Adige (or South Tyrol as those still yearning for its return to Austria would have it) but in the Valle d'Aosta, Sicily and Sardinia separatist feelings are no longer a threat (to the extent, of course, that they ever were). Otherwise the net gains are meagre.

Thus far the bureaucrats, anxious to keep a basic grip on things, have had the best of the regionalists, who insist that a clear-cut decentralised system can most suitably provide an efficient means of government for locally-minded Italians. Rome still holds the purse strings firmly, while the chronic incapacity of Italian administrators to disburse money allocated has meant that funds voted to the regions but never spent stand at around £4.5bn.

Staffing has also provided a problem, particularly in the lack of qualified competent personnel to execute policy and act as a counterweight to central government. In fact, the first staff of the fledgling independent regional administrations were seconded from Rome, so automatically transferring the shortcomings of the central bureaucracy to the regions.

Moreover, the promised dismantlement of earlier administration bureaucracies in Rome, theoretically made redundant by the switchover to the regions, has not happened. In the best Italian tradition, therefore, an attempt to reform has increased confusion, by leaving the old intact alongside the new.

Nor have the new regions done anything to clarify Italian politics—the contrary if anything is true. In some respects the advent of a score of new regional "parliaments," their strengths ranging from 30 to 80 councillors depending on the population of the region, has multiplied existing national difficulties twentyfold.

The long-standing deadlock in Rome has meant that the parties have carried their battles to the new assemblies. Instead of providing a departure from ossified national politics, the regional assemblies have been drawn into the orbit of the national party headquarters. Patronage and clientelism have taken root in them as well and regional elections of whatever size have become almost exclusively national in character.

Witness the recent elections in Sicily, and in the cities of Rome, Genoa and Bari among others. Although involving less than a quarter of the total electorate of 43m, their importance (considerable as it turned out) was entirely national. Local issues, with very few exceptions, went by the board, a development exactly the opposite of that intended by the supporters of decentralisation.

Subtle

Forming a regional government, given the variety of parties, can be as subtle and as arduous a process as finding a formula for the national government in Rome. It can take weeks and sometimes months for agreement to be reached, usually as part of an elaborate package devised by the real power-brokers in the capital's party headquarters. It is small wonder in these circumstances that specifically local parties have in some instances sprung up, and that resentment of the long hand of the state—so many of whose functions have passed by default to the parties—is so evident.

In a curisus way, however, even so imperfect a system has its advantages. Regional governments have afforded some compensation to the opposition Communists for their perpetual disqualification from power at a national level. Perhaps, indeed, in this way they have prevented frustrations and tensions from boiling over.

Between 1975 and 1980 no fewer than six of the 15 "ordinary" regions were run by the Communists. Despite losing some ground in last year's regional polls, the party still dominates the ruling juntas in Emilia Romagna, Tuscany and Umbria, the heart of the country's so-called Red Belt, and in a variety of big cities, including Turin, Rome, Genoa and Naples.

Even this may not seem a great deal, but it provides some consolation for the uninspiring record of Italian regionalism thus far. Hopes for a more radical improvement depend not just on resolving the ambiguities over what regionalisation should mean, discussed above, but on a fundamental change in the way the country's politics operate. And of that there is little sign so far.

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Shift in pattern of wealth distribution

THE NORTH

THE CAPRICIOUS gods who distribute the wealth of a country have been kind to the north of Italy. Not only is the region, which stretches south as far as the natural barrier of the Apennines, the traditional and enduring heartland of Italian industry, it boasts the most fertile agricultural land in the country in the alluvial plain of the Po river. And if that were not enough it contains its fair share of Italy's most lucrative tourist attractions.

Today the supremacy of the North, in terms of wealth and visible prosperity remains as great as ever. Broadly, if the special status "frontier" regions of Valle d'Aosta, Trentino-Alto Adige and Friuli Venezia Giulia are excluded, it consists of the northern band, Liguria, Piedmont, Lombardy and the Veneto, coupled with Emilia-Romagna to the South — this last to all intents and purposes is economically inseparable from its northern neighbours.

With the exclusion of tiny Aosta, these five regions account for the richest 20 of the 95 provinces which make up the country. To give an idea of the gap between the north and central and southern Italy, Florence comes 39th, Rome 46th, and Naples 74th. However, behind the unchanging facade important changes are taking place.

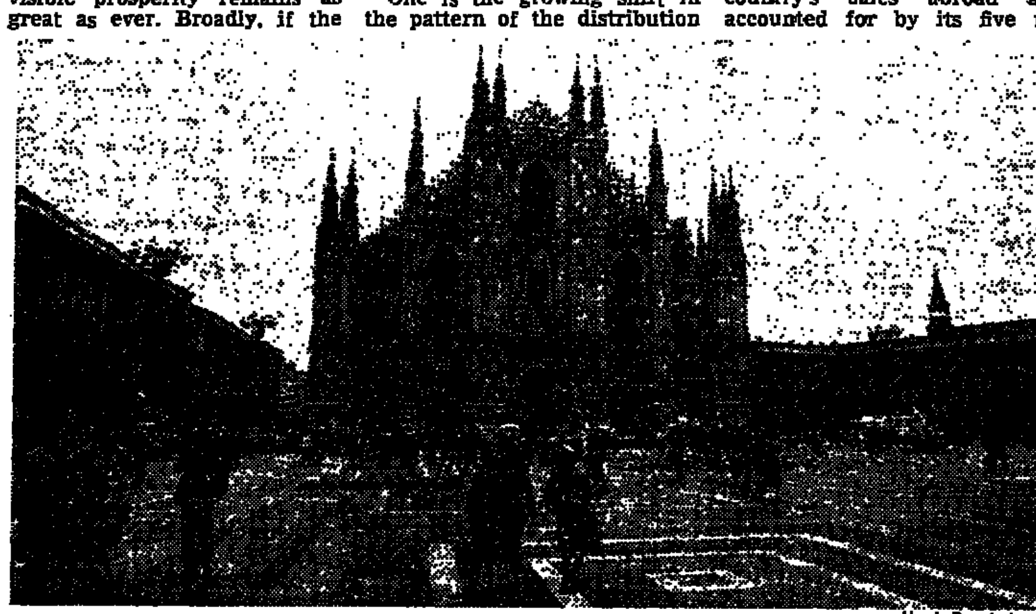
One is the growing shift in the pattern of the distribution of wealth—away from the traditional homes of industry to the smaller provincial centres, above all in Emilia Romagna. Some experts indeed claim this last will provide a model for Italy's economic development this decade. The second is the battle in progress as older industries such as automobiles, engineering and chemicals face up to the harsher economic climate of the 1980s.

Inevitably the North is suffering from the economic difficulties affecting the entire Western world—more so perhaps than other parts of the country which are less integrated into the Common Market, and less reliant on exports for a continuing flow of business. In fact over half of the country's sales abroad are accounted for by its five regions. Difficulties are felt especially in those sectors such as chemicals, steel and shipbuilding whose problems are unlikely to disappear with the next economic upturn.

The same is true of Fiat, the car-maker which is the country's largest private industrial group, and the core of industrial Turin, the centre of the Italian engineering sector. In some respects Fiat's difficulties look less insurmountable than they did a year ago. But the agreement of October 1980, which put an end to the unprecedented five-week strike at the group's car plants by placing over 23,000 workers on state-subsidised layoff, remains to be fully tested assuming Fiat does carry the day. The new round of redundancies, which it has intimated may threaten fresh difficulties—and the labour market adjustments that will come—may place severe new strains on the social and industrial fabric of the city.

Turin was the main destination of the social migration from south to north which marked the years of Italy's pst-war boom. That period of optimistic expansion ended a decade ago in the bigger centres, leaving the problems which dominated the 1970s.

Above all there was the spread of terrorism and ordinary crime, which found a ready seedbed in a new mix of discontented students, the jobless, and a new rootless urban proletariat. Turin, Milan and the Veneto—especially the university city of Padua—were among the cities worst affected. It remains to be seen if the current relative absence of terrorism in the north is permanent or just a lull in the storm.


Hugh Routledge

Milan — increasingly at the centre of the country's cultural and commercial life

It is debatable who should bear the lion's share of the blame for these social strains, which even today show little sign of abating. Northern industry was partly responsible, with its failure to understand that expansion on this scale would inevitably have a price. But much of the trouble can be traced to the central Government in Rome, which—then as now—proved itself inadequate to handle the transformation of Italy from a predominantly agricultural society into the sixth economic power of the West.

Social strains

Naturally the North has always believed the main culprit was Italy's incompetent public administration, and it is still possible to hear fanciful yet heartfelt theorising about how convenient it would be if the country could be divided into two. A customs barrier could be placed somewhere around Florence, Tuscany thus becoming the point beyond which northern virtues peter out and southern vices take over.

But this sort of generalisation is a laughable oversimpilfication. In fact, the industrial qualities of the north are spreading outwards from the old industrial triangle of Milan, Turin and Genoa, both eastwards and above all southwards. Today it is more exact to speak of an industrial "pentangle" as the two regions of the Veneto and Emilia Romagna have been grafted on. The process has been similar in both cases, even with the 180-degree political difference between them. If the Veneto is the stronghold of Christian Democracy, only the Po divides it from Emilia where Italian Communism is unchallenged.

In both regions the small company, flexible, dynamic and peculiarly sensitive to foreign demand, has become entrenched. The trend, which gathered pace throughout the 1970s, is without doubt a facet of the pressures so strongly felt in contemporary Italy. The results have been striking, above all in Emilia.

Between 1970 and 1978, Modena rose 14 places in the provincial league table, from 17th to 3rd richest in the country. Bologna, the regional capital, climbed from 14th to 6th while Reggio Emilia improved from 12th to 7th.

According to Sig Giovanni Nari, head of the Regional Industrialists Association, the explanation lies in the region's perfect balance between agriculture, industry, commerce, tourism and the artisan sector. Emilia has the agricultural wealth of the Po plain, some of the Adriatic's most popular holiday resorts, and above all a thriving industry, spread between a number of sectors, but rarely with companies employing more than 1,000 people.

Manufacturing activity ranges from machine tools, diesel engines, ceramics, and agricultural machinery to cottage industries like leather goods and textiles.

These last are the "frontier sectors" where orthodox industry merges almost imperceptibly into the submerged economy that foreigners see as either the salvation of Italy or as blatantly unfair competitive advantage, depending on their viewpoint. The enterprise and hard work on which they are founded go far to explain the buoyant performance of much of northern Italian industry in 1979 and 1980, when real Gross Domestic Product rose by 5 and 4 per cent respectively.

One lesson of Italy's present economic troubles is that even this sort of prosperity cannot be insulated from the country at large. Even Emilia Romagna is suffering. There comes a point, in other words, at which structural shortcomings, the policy failures and inflation erode even the most resilient parts of national life.

In that sense, the new industrialised Italy has already progressed from being an academic study case to a guide to the country's ability to make the adjustments needed for economic survival.

Rupert Cornwell

REGIONAL COMPARISONS

Region	Percentage of national GNP	Per head GNP ('000 lire)	Indices (Italy=100)	Resident population (1971 census
Piedmont	10.3	5045	128.7	4454
Valle d'Aosta	0.3	6156	157.0	111
Lombardy	20.9	5222	133.2	8497
Trentino-Alto Adige	1.8	4709	120.1	847
Veneto	8.0	4096	104.5	4136
Friuli-Venezia Giulia	2.5	4530	115.5	1245
Liguria	4.3	5093	129.9	1868
Emilia-Romagna	8.8	4975	126.9	3853
Toscana	7.0	4309	109.9	3503
Umbria	1.3	3647	93.0	773
Marche	2.4	3820	97.4	1351
Lazio	8.8	3901	99.5	4764
Abruzzi	1.7	3042	77.6	1121
Molise	0.4	2644	67.4	300
Campania	6.2	2540	64.8	4985
Puglia	4.7	2680	68.3	3499
Basilicata	0.8	2766	70.5	560
Calabria	1.9	2082	53.1	1862
Sicily	5.7	2562	65.3	4575
Sardinia	2.2	3014	76.9	1441
Italy	100.0	3921	100.0	53745
North-Centre	76.4	4642	118.4	35402
South	23.6	2602	66.4	18343

Figures relate to GNP in 1978.

Source: Istat.

Earthquake damage brings further challenge to economic progress

THE SOUTH

ALMOST DAILY the Italian newspapers report ritual declarations of the need for special help for Southern Italy, quoting politicians, trade unionists and the occasional industrialist. For the two-thirds of the Italian population who do not live in the South, the effect is both depressing and aggravating.

The words remind them both of what they perceive as the hopelessness of the South and of the colossal sums of northern money that have been poured into it in the past 30 years.

People who think like that do themselves and the South or the Mezzogiorno as it is called here—an injustice. The policy of support for the South is arguably one of the most positive acts of the unified Italian state since it was formed 120 years ago and if the results have not come up to expectations it is partly because expectations were too high.

Repair

Now, especially, the South does need special help, partly to repair the damage of the devastating earthquake of last autumn and partly to alleviate the effects of the second oil shock which has hit the South harder than the rest of Italy.

The South comprises about 40 per cent of the territory of Italy and 20m of its 57m people. Apart from the six regions of the southern part of mainland Italy the area of responsibility of the Cassa Per Il Mezzogiorno—the chief government agency for the South—includes the islands of Sicily and Sardinia and the southern parts of Lazio and Marche regions.

Yet despite its size, the South accounts for only one-sixth of Italy's industrial output and has double the national rate of unemployment. Much of the South remains relatively poor, though there are impressive islands of prosperity and dynamism, such as southern Lazio, Puglia, Caserta (north of Naples), Matera in Basilicata and south-eastern Sicily. The whole area is, however, enormously richer than it was 35 years ago and—remarkably—has grown as fast as the North since 1950. The North, however, started from a higher base.

The incorporation of Southern Italy into the unified Italian state in 1861 was arguably the most drastic element of the unification of Italy, since southern Italy had been an almost total separate political entity for nearly a millenium and a half. The common features of its usually turbulent history were feudalism in agriculture, and authoritarianism in government. This institutional strait-jacket was imposed on a region with few natural resources apart from some rare enclaves of easily worked good land, which usually happened to breed malarial mosquitoes.

The unification of Italy was initially a great setback for the South. Naples, then the third biggest city in Europe and the largest in Italy, had its industries undermined by the ending of protection against more efficiently made northern products. Measures to reduce feudalism were insufficient. The North went ahead faster because of its greater human and natural resources, the availability of capital and the nearness to the big markets of the rest of Europe.

After World War II it was realised that the only way Southern Italy could possibly catch up was by means of a very large, carefully planned, transfer of resources from the North. The Cassa Per Il Mezzogiorno was set up in 1950 with sweeping powers to cut across the jurisdiction of ministries and channel funds to the South.

Over the past 30 years, the Cassa has put about $50bn into the South. It is not an exaggeration to say that the South has been transformed. Malaria has gone and land tenure reform and investment have revolutionised agriculture in many parts. Great roads have cut to a few hours journeys that could take a day or two 15 years ago.

The policy of assisting industry, beginning in the 1960s, led to the creation of a number of vast industrial plants in the South, many of them unsuccessful, but also of a set of industrial development zones, some of which have probably created little nuclei of self-sustaining economic growth. There has been a dramatic exodus of population, amounting to 4.5m people, two-thirds of whom went to Northern Italy: a drain of some of the more enterprising and resourceful, but probably necessary to prevent those left suffering a worse standard of living.

The policies of the past 30 years can be criticised: the Cassa has acquired a reputation for corruption and favouritism, for taking decisions on the location of industrial plants on political rather than economic criteria, and for the blind pursuit of infrastructure development almost for its own sake rather than in response to economic need.

Habits

Yet it may have been unreasonable to have expected much better. The efforts to industrialise the south began less than a generation ago: it would have been remarkable if in that time all the habits of 14 centuries had changed. The great brake on the development of the south, when all other disadvantages have been taken into account, is the submissive and fatalistic mentality of the people in many regions, the lack of an entrepreneurial culture and the acceptance of paternalistic attitudes.

At its most extreme this means the acceptance of the Mafia in western Sicily, of the Camorra in the Naples area and of the "Ndrangheta in Calabria, the racketeers who siphon off funds and instil a climate of fear by violence and death. It is not a coincidence that these are the least successful areas of the south.

Now the south has to recover from the calamity of the earthquake of November 1980 which devastated the uplands of Campania and did severe economic damage to the Naples area. Some L8,000bn has been allocated by parliament for spending on reconstruction — though actual damage was estimated at L20,000bn—and already the tower cranes stride over some of the stricken towns and villages, hard at work on reconstruction.

The challenge of the earthquake will be to ensure that the funds actually get spent, that the homeless are permanently housed and that the image of primitiveness, disorder, apathy and crime which the South projected during the earthquake is overcome.

In the medium term there is the much more difficult problem of where to go next in the development of the South. The two oil shocks of the 1970s have dealt a double blow to the South—aggravating its geographical disadvantages and crippling many of the large-scale industries, which mainly happen to be energy based refinang, chemical and steel plants.

The emphasis for the moment is likely to be on developing the little centres where the small and medium sized businesses can flourish—just as they have further north. The arrival in Sicily next year of gas by pipeline from Algeria will help.

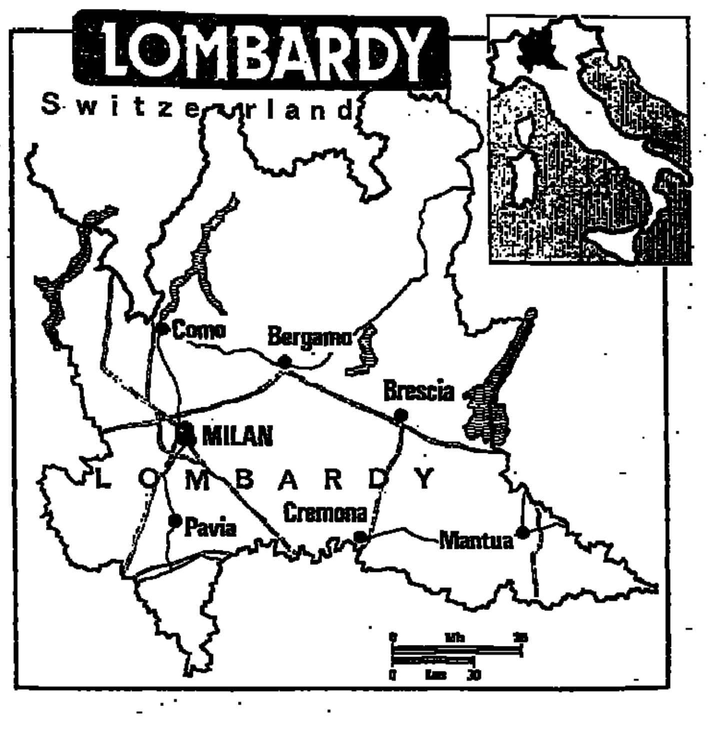
In many areas, agriculture is reaching the ceiling of development on present terms and is threatened by the enlargement of the EEC, while there are still too many people on the land to make agriculture efficient enough to create long dreamed-of little Californias.

Tourism in Italy is in difficulties this year but the problem is worst in the South, furtherst away from the market.

Meanwhile the debate is going on as to how the Cassa, whose statute runs out at the end of this year, should be continued. The Communist party has proposed that many of its functions be made over to the increasingly important regional governments, while it remains a co-ordinating authority. It is possible that such a solution would lead to the injection of the new ideas that are badly needed in the South, as well as cutting through the Christian Democrat fiefdoms and bureaucracy. For the moment Southern policy is a sober war of attrition against under-development.

James Buxton

Wealthy strongpoint of the North



LOMBARDY HAS epitomised Northern Italy for more than 15 centuries. At one stage the very word Lombard — in the parts of Italy under Byzantine and then church domination after the collapse of the Western Roman Empire—was used to describe anyone from the north.

The inroads of the Germanic Lombards towards the Mediterranean for two or three centuries established for the first time the division between North and South which in some respects still dominates Italian life. The symbol of their authority, the celebrated iron crown of Lombardy, may to this day be seen in the cathedral at Monza, near Milan.

At the time the era of Lombard rule in the North seemed to have left little permanent trace on a country whose genius through the ages has been to absorb and transform foreign intruders of every kind. But today Lombardy, the region centred on Milan whose name bears historic witness to their presence, is closer to the heart of national life than ever. The reasons for this are generally supposed to be these Germanic, Central European virtues of hard work, entrepreneurial flair and common sense.

Lombardy is the country's richest region, at once its industrial nerve centre and possessor of some of the wealthiest agricultural land in Italy. Lombardy accounts for two-fifths of all Italian exports. It has 15 per cent of Italy's population, and generates 23 per cent of the country's Gross National Product.

In European terms its development is striking. Industry accounts for almost 55 per cent of the region's output, compared with an average of just under 40 per cent for both Italy and the European Community as a whole. Its highly mechanised agriculture generates just 4.8 per cent of output, compared with 8 per cent in the EEC and 15 per cent for Italy in general.

Provinces

Lombardy's 24,000 sq kms is divided into nine provinces, stretching from the Alpine landscapes beyond Sondrio, to the lakes and foothills of Varese, Como, Brianza and Brescia, before giving way in Turin to the Po plain and the rich agricultural provinces of Cremona and Mantua. At the centre stands Milan.

The city is the second largest in Italy behind Rome, but the most modern and European. Trends that have swept the country invariably started in the north. These included Fascism, the wave of industrial unrest in the late 1960s, terrorism, and even such frivolous pastimes as punk rock. These trends have expressed the tensions which developed in Italy between a Europeanised, socially progressive north and the administration far away to the south in Rome, often seeming to operate on mediaeval lines.

With the exception of the Valle d'Aosta, Milan is the province with the highest per capita revenue in the country. For a long while it has liked to think of itself as the "capitale morale," the leader of an Italy looking northwards, into the future and the European mainstream—while Rome, the official capital, vegetated.

From the late 1960s, however, a change began. The centre of gravity appeared to be shifting southwards. Politics has long been largely a southern preserve. Milan has yet to produce an Italian Prime Minister. As the politicians' insidious influence crept into more and more areas of national life and as industries such as Montedison became sucked into the public sector, more and more decisions were taken in Rome.

Today there are signs of a reversal in this tide. The trend towards private, rather than public ownership, as the most efficient solution to the country's economic ills, is one sign.

The Milan Bourse, despite its current problems, is emerging and the division between Rome and Milan looks steadily more like that between Washington and New York. Like New York, Milan is more and more the centre of Italian commercial, business and financial life, its fashion and design leader, and the pacesetter in the media—especially in the burgeoning field of private television.

Like the rest of Lombardy its climate leaves much to be desired: foggy and damp in winter, hot and often humid in summer. But for all the complaints, the city remains elusive and fascinating. On first sight soulless and dull, but on deeper acquaintance it reveals a beauty and vitality very much its own.

The changing pattern is mirrored in the fortunes of the Lombard economy. Between 1970 and 1975, according to the Regional Economic Research Institute, the region did less well than Italy as a whole. But in the last part of the decade the trend was reversed, to an extent which according to Dr Bruno Colle, director of IRER, is "comparable if not superior" to the mythical years between 1958 and 1962, the height of the country's post-war economic boom.

In 1979 and 1980, propelled by a high investment rate, Lombardy's output grew by 5.6 and 4.5 per cent respectively against 5 and 4 per cent for Italy as a whole. Unemployment at about 5 per cent is well down on the national figure of almost 8 per cent, and less than half the jobless rate in the south. The reason, according to IRER, is essentially the gradual spread of industrial development away from Milan to the other provinces of the region.

The sectors which have done best over the decade have tended to be less "big city" engineering, chemicals and transport industries, but the provincial specialities of textiles, foodstuffs and steel manufacturing. The results may be seen statistically and on the ground.

Mantua and Cremona, for decades comparative backwaters of the regional economy, rank 9th and 8th respectively in the league table of Italian provinces with the biggest value added output per head. If those early industrial centres of Varese and Como on the Swiss border may have slipped back slightly, Brescia has established itself as the third industrial centre of Italy, after Milan and Turin.

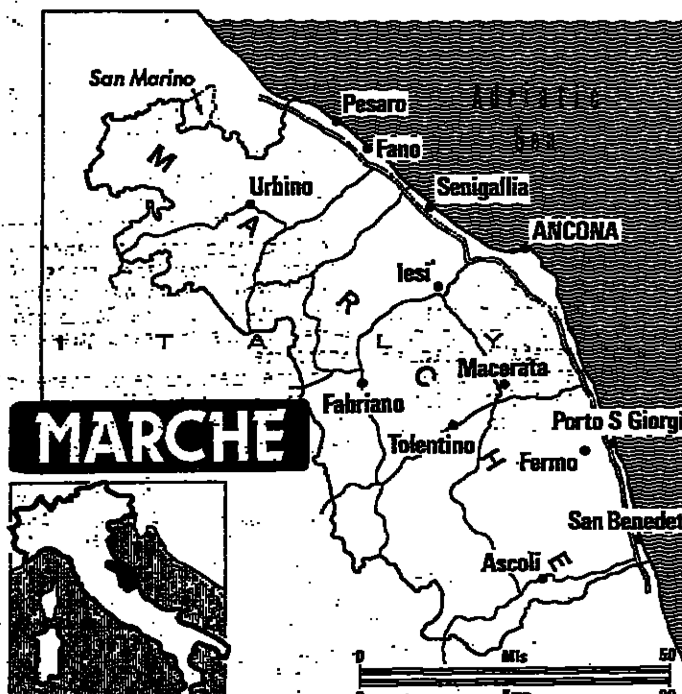
Ribbons

Its prosperity can be measured by the private steel mills which stretch in industrial ribbons up the sub-alpine valley behind the city. Brescia is a symbol of the self-made independent ethic that enabled Lombardy, and the rest of Northern Italy, to prosper until this year at least, despite all the untackled problems of the national economy.

Today industrial downturn and credit squeeze are hurting even the infinitely adaptable "sciur brambilla," as the small northern businessman—mindful not of manners but of money—is known. The next 12 months will provide an acid test of the strength of that new industrial fabric which has grown up not just in Lombardy, but in neighbouring Emilia Romagna and the Veneto as well.

Rupert Cornwell

Happy blend of farming and small industry



THERE IS something deeply reassuring about the Italian provinces after the capital Rome, with its febrile mix of drama (real or imagined) and its disorganisation. In central Italy particularly, less industrialised than the North yet without the backwardness of the South, you start to understand why the country, in spite of all appearances to the contrary, still holds together.

The centre has been called the "third Italy," and nowhere does the description apply more closely than to the Marche, stretching along the central Adriatic coast.

The Marche, as the name implies, is a frontier region. In the north it runs into the rich Emilian plain; to the south it merges into Abruzzo and southern, Adriatic Italy. Today the natural lines of communication are still from north to south, epitomised by the Autostrada cutting down from Bologna and Rimini towards Pescara and Bari.

History may often have linked it with Rome. The Marche formed part of the Papal states before Italy became a nation, and earlier still, geography had made it one of the gateways to the capital.

But despite the passes through the Apennines, one of them followed by the Via Salaria consular road linking Rome with Ascoli Piceno, the biggest town of the southern Marche, the mountains have always largely cut off the region from the influence of the capital. For centuries it remained relatively poor, predominantly agricultural and a victim of emigration.

Today all that is changing. The emigration has stopped. With just 1.4m inhabitants, the Marche remains small in terms of population, but the region has lately been attracting growing attention. In part this is—as the tourist brochures put it—because it contains a little bit of everything to be found in Italy: mountains, gently rolling hills studded with little towns, a coastal plain that has become a string of tourist resorts, a fragmented and varied agriculture, and a developing industry.

Microcosm

It is true that the Marche is a curious microcosm of the country as a whole, especially in its politics—a mirror of that complex balance which operates at a national level. Indeed, as Sig. Emidio Massi, the socialist president of the regional government in Ancona, points out, the Marche showed the way to those baffling, imaginative compromises which subsequently flowered in Rome and elsewhere.

The region was among the first to experiment with the Centre Left; later it was a test case for the "historic compromise" or grand alliance between Communists and Christian Democrats, whose strength is almost exactly equal in the region. Next, between 1978 and 1980 the Marche was run by a "lay" junta, of the smaller centrist parties.

After the June 1980 regional elections and painstaking negotiations, this was replaced by a "Left-Centre" solution, with a socialist presiding over a junta embracing the centrist parties and the Christian Democrats.

But the real importance of the Marche lies in its recent industrialisation. Its peculiar nature, and thus far highly successful results have led many economists and contemporary historians to coin a new phrase—the "Adriatic model of development." This is shorthand for what has happened in the Marche, but which in some respects offers the most hopeful example for the industrial development of southern Italy as a whole, one grafted naturally on to social and economic structures already in existence.

In part, the *industrialisation of the Marche*—based on small and medium-sized companies—can be seen as a natural over-spill of a process which had earlier occurred in neighbouring Emilia-Romagna. As in Emilia a new entrepreneurial class has grown from a seedbed of artisans and sharecropping farmers.

Some would trace the process back to 1930 with the foundation of the Merloni concern, based at Fabriano in the western Marche, and which manufactures furniture and electrical appliances under the Ariston brandname. Today Merloni is a big concern, with annual sales of L400bn ($350m) and 6,000 employees, but it has retained a small company "feel."

The region is a patchwork quilt of separate industries. Many of the factories are tiny, often little more than a household engaged in manufacturing and typifying that elusive grey area—the most dynamic part of Italy's economy—where the above-ground industry "merges imperceptibly into the country's celebrated 'submerged economy.'"

Fabriano is the home of light engineering (predominantly Merloni), and of Miliani, the country's biggest producer of quality paper and printer of Italy's (and many other nations'), banknotes. Fashion and clothing are clustered in the northern province of Pesaro; Osimo, inland from Ancona, is the centre of production of musical instruments, while shoe manufacturing is concentrated around Fermo, to the south of Ancona.

Every town seems to boast new industrial and housing zones—even Loreto, a quarter of an hour south of the regional capital by motorway, and site of one of Catholicism's most venerated shrines, the Sacred House of the Virgin with the bejewelled Madonna of Loreto. For the most part, industry has done it on its own: only 25 communes in the extreme south come within the province of the Cassa per il Mezzogiorno state agency.

But regional officials are equally proud of the fact that this industrialisation has not been accompanied by a flight from the land, except from the most depressed mountain areas. It is the secret of the Marche model that agriculture and industry coexist, helped by the *mentality of the "Marchigiani"* and the lack of any really large urban centres.

Even Ancona, with its port and shipbuilding, has no more than 115,000 inhabitants. "Five minutes out of the factory, and you're in the country," says Sig Massi. The result is that many people are both industrial worker and farmer.

Cultivated

Obviously, this has made modernisation and rationalisation of agriculture no easier but the land is everywhere and visibly cultivated. In any case, the real measure of the Marche today is industry, and there the real test may only now be beginning.

Economic downturn has exposed the limits of do-it-yourself cottage industry. The talk now is of improving organisation, boosting marketing and widening the services offered by banks—at a time when credit can cost up to 28 per cent a year. The region has set up a financial company to foster change, but in a such a way as to leave control of any company aided in the original private hands.

At another level, much may depend on the plans for enlarging the airport at Falconara close to Ancona. This will not only strengthen communications with Milan, and western Europe, but also open up the region for charter flight tourism.

Tourism in the Marche, as in most other areas in Italy, is in trouble, yet on it 35,000 jobs and an income of L600bn depend. Nevertheless, the cautious optimism in Ancona that both industry and tourism can overcome their difficulties, is in contrast to the pessimism to be heard elsewhere in the country.

Rupert Cornwell

Stoic attitude to the setbacks which keep prosperity away

A NEWSPAPER report reads: "A charred body was found this morning on the outskirts of Pompei. It was so badly burnt that it was impossible to tell whether it was that of a man or woman, but police believe it was that of a victim of gang warfare in the Neapolitan underworld. So far this year there have been 86 such killings."

Killings are taking place almost every other day: in Naples, that frighteningly densely-populated urban conglomeration that forms the heart of the region of Campania; in other towns on the Bay of Naples, the hinterland of suburbs that surround the volcano Vesuvius, and down the coast to Salerno. Yet this internecine fighting of the Camorra—the Campanian version of the Mafia—has become almost a commonplace: there are worse and newer problems.

Campania was the region worst-hit by the earthquake in November 1980 which killed about 3,000 people and which, it is reckoned, caused damage that will cost at least L20,000bn (£8.5m) to repair. The worst damage was in the remote villages of the mountainous province of Avellino, where little towns like Sant Angelo dei Lombardi and Lioni were largely destroyed.

Tremors

But far more extensive, though less obvious, was the damage done in the big urban areas, particularly the Naples conurbation and Salerno. Many of the older houses in which poor people live were made uninhabitable by the earthquake and its subsequent tremors, even though relatively few of them collapsed completely. The number of homeless in Naples, which has a population of 1.2m, went up from 15,000 to at least 50,000, while in Salerno the effect was proportionately greater: the number of homeless doubled to 16,000, 10 per cent of the population.

In Naples the homeless were taken into schools, buses, even ships in the harbour. Schools had to stop teaching. The disruption badly dislocated that intricate system of trade in contraband, black labour and outwork on which many of the poor of Naples depend for a living, and those officially unemployed went up by about 100,000 to 250,000.

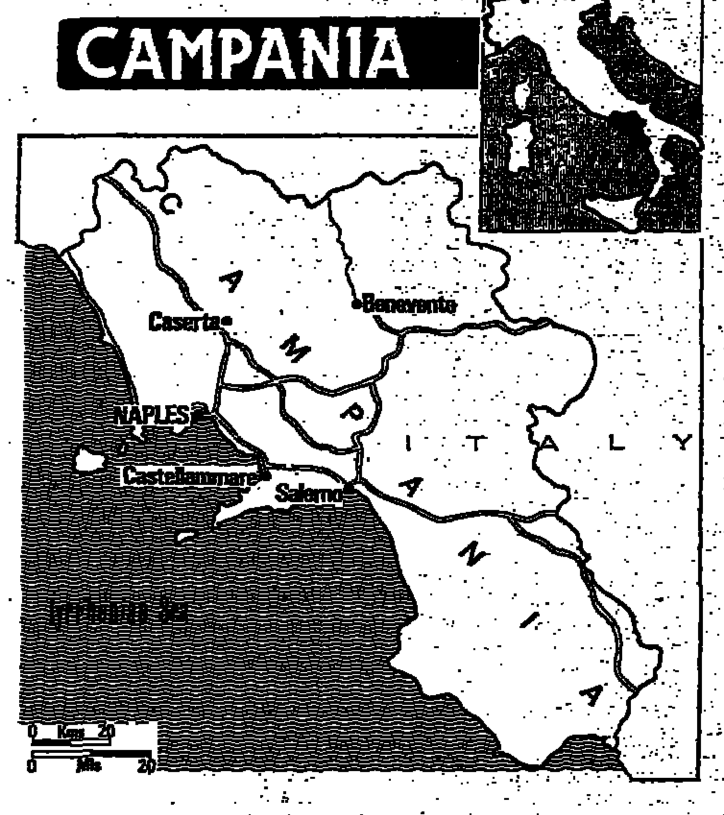
On at least two occasions since the earthquake there has been genuine alarm that Naples might erupt at any minute into open revolt, with the pent-up frustrations of years of misgovernment, now capped by the latest catastrophe, boiling over. For the authorities have succeeded in doing relatively little to relieve the immediate plight of the homeless—moves to requisition empty flats have mainly been blocked. Instead, the emphasis has been on reconstruction while the homeless remain in temporary accommodation, in caravans and prefabs.

Yet it is a measure of the local population's stoicism that the kidnapping last April by the Red Brigades of Sig Ciro Cirillo, housing chief of the Campanian regional government, has not — as they may have hoped for — sparked off a revolt. Sig Cirillo, a leading Christian Democrat, is still in captivity and a stream of turgid communiques from his captors has given a little more energy to the authorities' actions in dealing with the homeless. But mostly the communiques have provoked boredom — the ordinary people of Naples, oppressed for centuries by one form of gangsterism, the Camorra, apparently have no wish to dance to the tune of another.

Though the Neapolitan economy is slowly beginning to pick up after the dislocation caused by the earthquake, the region has suffered another blow. The general drop in the number of tourists visiting Italy this year has been most pronounced in the South, where bokings are said in some places to be down 50 per cent on last year.

One barely sees a tourist in the streets of Naples and there is usually no problem getting hotel rooms, while the hoteliers of the Sorrento Peninsula are worried. The decline owes a lot to the fact that many of the cultural attractions of the region are either closed or restricted because of earthquake damage. Much of the ancient city of Pompei is fenced off and many of the famous churches in Naples are shut or being restored.

Many potential visitors may have been put off by the belief that Naples and the Amalfi coast had been devastated by the earthquake—the latter was completely unscathed.



Campania had 5.4m people in 1979, making it the most populous region in the south of Italy. Much of it consists of rich agricultural plains: the area between the sea and Caserta north of Naples; the plain behind Naples where the built-up area is interrupted by prosperous-looking plantations and tobacco fields; and the plains to the north and south of Salerno, where most of Italy's tomatoes are grown.

Naples is one of Italy's most important ports and the headquarters of the U.S. Navy's Sixth Fleet, as well as Nato's Southern Command. On top of its traditional industries such as glovemaking and other leatherwork—almost all done on an outworkers basis—it has had heavy industry grafted on to it as part of the policy for developing the South: the Italsider steel plant at Bagnoli on the Bay of Naples; the Alfa-Romeo car works at Pomigliano d'Arco, and many other plants in sprawling suburbs.

Yet the 1978 statistics for value added by head put all the five provinces of the region in the last quarter of the national league table, and by this yardstick the Avellino Province is the second poorest in the whole of Italy. Yet even within the poorer parts there are islands of prosperity and enterprise—the tanning industry at Solofra, for example—while a great construction boom caused by the earthquake is now visibly under way.

Cranes tower over towns and villages in the worst-damaged areas, like the town of Avellino itself. Even so, the new wave of emigration that followed the earthquake is a further blow to the region.

Why has Campania and in particular the Naples area been left behind by other parts of Italy in economic prosperity? Before the unification of the country in 1861 Naples was the third biggest city in Europe. But its existing industries were destroyed by the ending of protection and the invasion of the more efficiently-produced goods from the North.

For nearly a 100 years little was done to develop new industry in the South. During that time Naples missed out on the development of the industrial psychology that flourished in the North.

Modern industrialisation came to the Naples area only in the early 1960s. It came to a population largely unprepared to accept the discipline of large-scale industry, and one so unwieldy as to make the task of improving social conditions daunting enough, even without major institutional constraints. These include the Camorra, whose rackets take their toll of almost every economic activity and syphon money out of the region, and the narrow interests of the ruling establishment.

Even though the Communist Party took over the government of Naples in 1975, its rule has not been judged conspicuously successful, and there has always been conflict with the regional government still run by the Christian Democrats.

That tension has grown since the earthquake, with dark allegations that the Christian Democrats at regional headquarters are deliberately dragging their feet to undermine Communist rule in Naples. The people living in what the Red Brigades call the "concentration camps"—settlements of caravans and prefabs or worse—are the sufferers.

James Buxton

Concern about prospects for growth

PUGLIA, down in the south east corner of Italy, is different from the rest of the Mezzogiorno. Instead of being mountainous, most of it is either flat or gently undulating, and most of the land is fertile. The towns are generally prosperous with plenty of small and medium-sized businesses which are the mark of enterprise. The region has an air of orderliness and purpose.

Puglia is a narrow strip running down the Salentine Peninsula to Cape Santa Maria Di Leuca, the south-eastern tip of Italy. Visually it is a delight to come down into Puglia in summer from the arid hills of the centre of the peninsula and find a cultivated landscape of olive plantations, vineyards and, in the higher areas, fields of corn.

Straight roads run past the high walls and imposing stone gateways of individual farms. They link little towns based on agricultural services and, in places, light industry. Just to the north west of Bari is a remarkable cluster of towns, only a few miles apart each with its own Norman cathedral, built in the 12th and 13th centuries when Puglia was part of the Norman kingdom of Southern Italy and Sicily. In the coastal towns like Trani and Molfetta the cathedrals stand close to the fishing harbours from which the boats go out each evening into the Adriatic.

Empire

Bari, the regional capital, has expanded from a similar Norman city into a metropolis of about 400,000 people. Behind the promontory on which stands the old city, with its cathedral and the church that contains the remains of St Nicholas, is a nineteenth century town laid out in a grid on the instructions of Murat, Napoleon's son in law, whilst King of Naples. Beyond this stretch miles of industrial suburbs, up and down the coast as well as inland, ringed by highways. The standard of the shops in Bari indicates the present wealth of the Baresi.

Bari has traditionally looked to the eastern Mediterranean and more recently to East Africa and the Middle East. The first crusade started from Bari and Mussolini developed it as a port for Italy's African empire. The annual Fiera del Levante (Fair of the East) attracts a few exhibitors from Arab countries. Together with Brindisi and Otranto further down the coast it is one of Italy's main ports for shipping to Greece.

On the other side of the peninsula is another aspect of Puglia. Taranto, with its superb deep water natural harbour at the head of the Gulf of Taranto, was famous as a Greek city and more recently as the Italian naval base where the British in 1940 carried out the airborne raid on the Italian fleet that was copied by the Japanese at Pearl Harbour. There is still a naval base but it has been overshadowed by the Italsider steel works with which probably 80 per cent of the population is directly or indirectly involved.

This is the biggest integrated steelworks in Europe. Imported iron ore, coal, and local limestone go in at one end, and steel plate, coils, tubes and other steel products come out the other, to the tune of 8.5m tonnes last year.

Markets

Productivity is said to be a quite impressive—5.6 tonnes per man per year—although from the national point of view it would be more economical were the plant sited closer to its main markets in Northern Italy. But Taranto does work, which is more than can be said for many "cathedrals in the desert"—those vast state directed investments in heavy industry in the south.

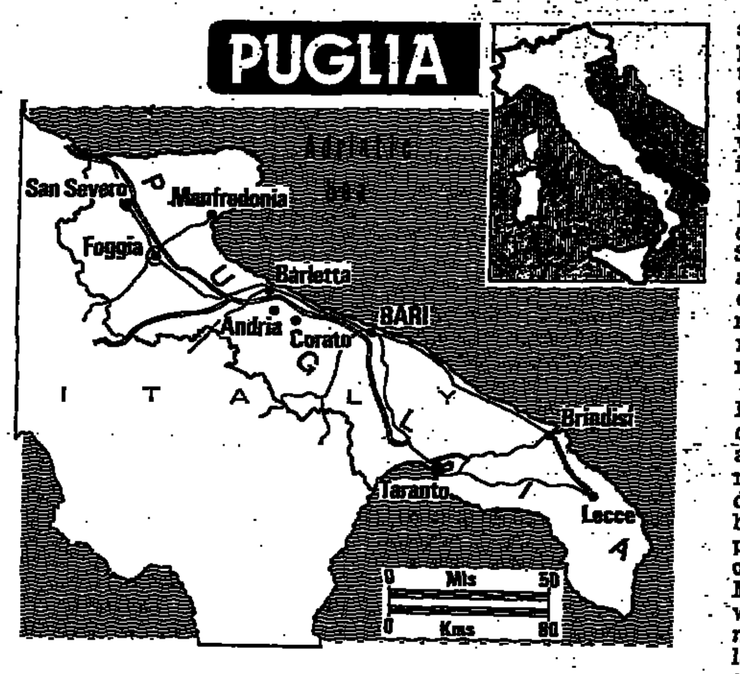
However, the economic picture of Puglia is not uniformly sunny. There was a big economic expansion in the 1960s with heavy investment in agriculture, especially in irrigation, aided by reform of land tenure. Money also went to industry, with the setting up of big chemical and vehicle manufactureing plants, as well as steel.

But the first oil crisis put an end to this phase of expansion and some of the big industries, like chemicals — there is a Montedison plant at Brindisi — had major problems. The flow of investment slowed down and the tertiary sector — commerce and administration — began growing. Both the regional branch of the Communist Party and the Regional Government say the growth was "almost excessive."

After the short-lived boom from mid-1979 to mid-1980 the region is again concerned about its future.

The small companies are suffering, as they are elsewhere in Italy. The distance from the market and the more limited experience of Puglian entrepreneurs is telling against them, as is Third World competition in many fields. Most seriously of all there are fears that agriculture has reached something of an expansion ceiling, being tied to products that are subject to overproduction such as olive oil. These products could be seriously threatened should Spain and Portugal join Greece in the Common Market. It is questionable whether Puglia has yet reached the stage of self-sustaining economic growth.

These are some of the main problems which the programme of the Regional Giunta, a four party coalition of Christian Democrats, Socialists, Social Democrats and Republicans, promises to tackle. Presenting the programme last September, when the new Giunta was formed, Sig Nicola Quarta, its president, pointed to the excessive relative size of agriculture as a source of employment—it accounts for a third of the workforce—the high level of underemployment, the fact that industry employs only 13.5 per cent of the population and that 150,000 people were unemployed, more than half of these were seeking their first job. The unemployment level stands at about 8 per cent.



He might have added that despite their prosperous appearance all five of the region's provinces are near the bottom of the national league table in terms of value added per head.

However, the Regional Government's agreed programme gives general answers to the problems it identifies. The region intends to assist agriculture and industry, and to try to give some order to the burgeoning tertiary sector by developing those parts related strictly to tourism, which despite the region's great attractions is not overdeveloped. It also intends to try to foster greater technical innovation as well as improvement of services in the region.

Sig Quarta said there is a limit to how much a region can do to shape its own economy. So much depends on the state and strategy of the national economy, and on how much money gets handed over to the regions by the central government.

But in one respect at least Puglia is almost running ahead of the central government on a national issue. Later this month the Regional Assembly debates a plan, keenly promoted by Sig Quarta, to have two new power stations built in Puglia, one of which would be a 2,000 MW nuclear plant. In a country which has only three operating nuclear power stations—to a large extent because of local opposition to them—it is a bold step to offer to have a nuclear plant.

More power is needed for the region, though some of the new electricity will be exported to other regions, and Sig Quarta does not anticipate serious difficulties with the local authority of the commune if chosen as a site for the plants. If all goes well the first work on the site of the nuclear plant could begin within a year. The central government may have to reward Puglia's helpful attitude in other ways.

James Buxton

THE ARTS

Architecture

More bricks at the Tate

by COLIN AMERY

At last London is to have a national building by an architect who has been recognised as the leading innovative designer in the West. The architect is James Stirling and the building is the new Clore Gallery for the Turner Collection at the Tate Gallery.

James Stirling won the Royal Gold Medal for Architecture last year. This year he was honoured by the Pritzker Prize, a $100,000 "Nobel" architectural award bestowed in the U.S.

Like so many British innovators Stirling has been more appreciated abroad. His architecture is probably better known and better understood in Germany and the U.S. than in his own country.

In the early 1960s Stirling, with his partner James Gowan, won fame for their Engineering Building for Leicester University. This tower of hard-edged red brickwork and precisely detailed glass had a formal complexity that was strikingly original. It was soon to be followed by the University History Faculty Library, Cambridge — a fan-shaped glass-roofed library enclosed by an "L" of teaching rooms and offices clad in red tiles. With the glass amphitheatre of rooms for Queen's College, Oxford, the trio of geometric experiments, angular plans and sharp edges came to an end and Stirling, working from 1971 with Michael Wilford as his partner, began to explore an architecture that referred less to engineering and more to the exploration of architectural history.

In the early 1970s the work of James Stirling took the form of competition entries rather than commissions. His designs for the Museum for Northrhine-Westphalia, in Dusseldorf, competition, the Wallraf-Richartz Museum, in Cologne, competition and the Staatsgalerie and Theatre in Stuttgart competition all began to show that his buildings were becoming a fusion of responses to their sites.

Each of these German museums is a building that pays its respects to its context and utilises the elements around it in its own design and form. Of the three museums in Germany only Stuttgart is being built to the designs of Stirling. It will be completed in 1983.

When it is finished it will show how far Stirling has moved away from the isolated, almost monumental pieces of engineering that established his fame in the '60s. Stuttgart is a part of the urban fabric, closely knitted into the city and borrowing many of the classical and neo-classical elements of the surrounding buildings.

Where does the new building for the Tate belong in Stirling's oeuvre? It is close to the buildings that the practice has been working on in the U.S.—the Fogg Museum extension at Harvard and additions to the school of architecture at Rice University, Houston. There is a common approach to these buildings because they are extensions to existing buildings and Stirling's current designs depend on the context.

The new Tate wing will occupy part of the site of the now disused military hospital downstream from the existing galleries. It is an "L"-shaped building with its own entrance and it has a chequer-board façade of stone and render on the parts of the building that are considered "primary" and brick on the "secondary" façades. The architect sees the building as having a relationship to the existing Tate Gallery that is similar to the relationship between garden buildings and a great country house.

The galleries are all at the same level as the galleries of the main building. They will be lit entirely by natural light from roof skylights. The Tate director considers it will be possible to see Turner's paintings in natural daylight for 80 per cent of the year. Nine different rooms will allow for permanent display of 290 oil paintings.

In spite of the Tate's riverside setting, the architect, like so many others, has decided to ignore the Thames. There is only one window that faces on to the river. Instead of bringing the building right out to Millbank the architect decided to retain a completely undistinguished lodge on Bulinga Street as a "contextual" building.

It is this building and two other fragments of the hospital which Stirling considers "quirky and amusing" that will be kept. They give him the excuse to play games with his façades and make references in colour and proportion that relate to these pretty uninteresting buildings. Somehow it seems a disappointment that the generous gesture of the Government that gave the whole military-hospital site to the Tate has evoked an architectural response that is so ambiguous and cautious.

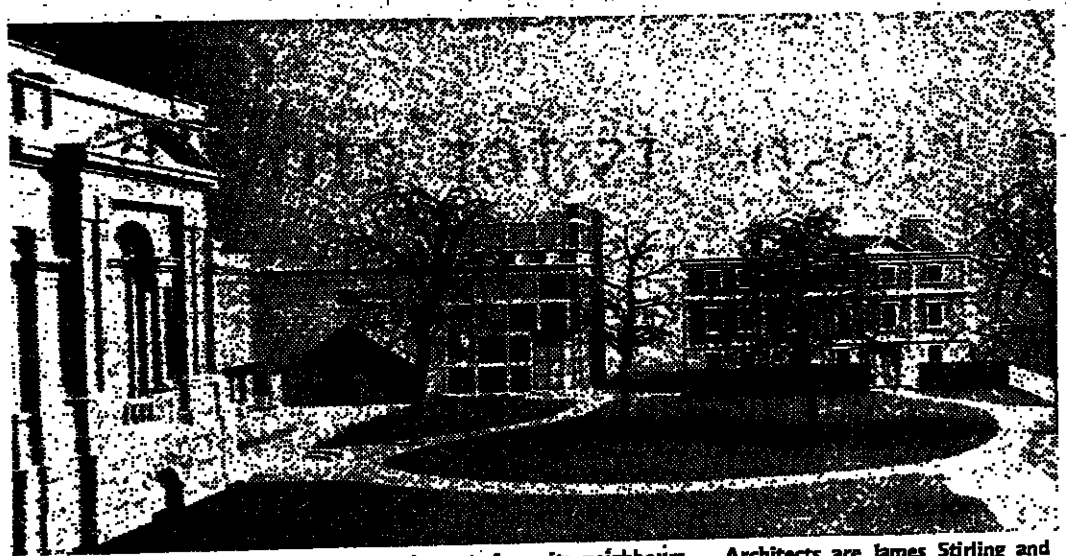
Many people were hoping that the combination of a fine riverside site, a generous benefaction of nearly £6m from the Clore Foundation and a public use for the building would produce an uncompromising building that was a bold and confident piece of architecture in itself. It is hard to believe that the context has really influenced the architect when you look at his jokey modern façades that will just be dull brickwork and metal windows.

Stirling's first London commission for a public building has come at a time when he is groping towards a new kind of architecture that while being modern wants to be liked by a subtle imitation of the past. The result is that the Tate extension appears to be having a private argument with itself. It is not at all certain what it is saying to the world: it is both paradox and pastiche. The result may be a witty triumph over uncertainty or a puzzling bad joke. It will certainly be provocative in a more thoughtful way than the Tate's other exercise with the bricks.

The Government's announcement that the new conference centre is to be built opposite Westminster Abbey on a site that has been an eyesore since the Second World War is greatly to be welcomed. It is only sad that an excellent design by Powell and Moya should already have been attacked by the Victorian Society as "aggressive."

The refusal of the conservation societies to attempt to understand contemporary architecture is beginning to amount to a desperate philistinism. If the Victorian Society had eyes to see it would understand that modern architecture is a changin' and has been for some years.

Architects are interested in history again so perhaps conservationists should try to get interested in current architecture. The level of the debate about our surroundings would be much improved if they did.



The new Turner Gallery (left) borrows elements from its neighbours. Architects are James Stirling and Michael Wilford.

Leonard Burt

Cheryl Campbell and Stephen Moore

The Other Place, Stratford-upon-Avon

A Doll's House by MICHAEL COVENEY

For a play so often invoked in this sexually liberated age, *A Doll's House* is surprisingly little seen. Not before time, Adrian Noble's magnificent RSC production reveals that the Woman Question, as it was quaintly known in the 1890s, remains an explosive topic.

Nora Helmer's door-slam echoes through modern drama, but no longer with the initial shock effect of a wife standing up for herself after eight years of marriage to a stranger. The interest now resides in the ruthlessly anatomical dissection of a relationship shored up as much by incompatibility as by deceit. The shifting emotional alliances within the play recommend it to the harsh glare of chamber production conditions. In this respect, Adrian Noble does for Ibsen what Trevor Nunn did for Chekhov in *The Three Sisters*.

I would cite in support of this contention the scene where Dr Rank, hopelessly besotted with Nora, returns after the party to take his leave of the couple. He knows he must die, and Nora is expecting the worst, but the doctor has also to treat Torvald as an old friend. John Franklyn Robbins slows down the scene so that every gesture and every line counts. Torvald catches a strange sense of something going on between Rank and his wife without putting his finger on it. The sub-text is patiently stretched out, just as Nora's aggressive flirtation with the doctor as she dangles flesh coloured stockings is played to its limit. She could only go further by pulling them on.

Cheryl Campbell betrays unexpected resources in her performance as Nora. Brittle and coquettish, she is none the less convincing both as a mother of three children and as an innocent victim of her own marital devotion. The crime of forging the security on the loan from Krogstad (Bernard Lloyd) carries no guilt; she was acting as a good wife, scraping money together to save Torvald's health. There is almost more premeditated cunning in the way she flashes the forbidden macaroons under Dr Rank's nose.

The other great quality in the performance is its youth. This Nora is not some sonorous old housefrau seeing the light after so many years (any anyway, eight is not all that many when you're breeding) but a girlish marionette cutting the strings. There is an accumulative animation that really takes off in the second act tarantella, Nora's blonde hair cascading around her waist as Torvald stands mumbling in the shadows.

That moment is the one decisive break with the naturalistic style and it is truly magical. For the rest, designer Kit Surrey provides fine period costumes and furniture and Stephen Moore returns to the company in inimitable top form. There is always steel beneath the sing-song delivery of this actor and he presents Torvald as a large, fumbling teddy bear with frightening reserves of viciousness the minute the social fabric of his career is threatened.

The final great scene comes across as a highly charged recapitulation of all those terrible little conversations a normal marriage should have spread more thinly throughout its duration.

Glyndebourne

A Midsummer Night's Dream

by MICHAEL COVENEY

The excuse I had for attending this landmark occasion on Friday night was the deplacement of Ileana Cotrubas by Lillian Watson in the role of Tytania. One's faith in the Peter Hall/John Bury partnership has wavered when confronted with their National Theatre work in recent years. One knew they were making waves in the opera world. The masque-like presentations of Monteverdi found resonant echo in *The Tempest* at the Old Vic; like that Ariel, the Glyndebourne Puck flies in and out on a bone trapeze. But here is no dusty, hieratic mode of presentation. This is the most perfect production of the best post-war opera you could hope to see.

Max Loppert commented in these columns on the very English conjunction of Shakespeare and Britten. The world of Victorian faery is stunningly realised in this forest of blues and greens, shadows and moonlight. There are touches of Richard Doyle and Richard Dadd, but an overriding sense of Elizabethan order in the ruffs and costumes. The moving foliage shimmers in time to the glissandi and chromatic charm of the orchestral playing under Bernard Haitinck's sensuously alive conducting.

You notice how an inner reflective proscenium prepares the eye for the palace of Theseus and the final celebrations. It was a masterstroke to spare us the wheedling protestations of Shakespeare's Egeus and Philostrate. The invasion of this brick antechamber and its flickering log fire by the fairy kingdom is a triumph for the musical language as well as a blow for dramatic justice. On they creep, twinkling and strange, a shock-haired crew led by Oberon, Tytania and Puck.

James Bowman's countertenor may not have the inimitable Alfred Dellor fluency but his Oberon is a marvellous creation, splendidly complemented by Lillian Watson's vivid coloratura and the well-timed cockney verse-speaking of Damien Nash as the tiny, ginger Puck. Curt Appelgren proves a popular Bottom, enunciating perfectly through the donkey head and finding real erotic tension in the bower scene. The complexity of the lovers' quartets makes for Mozartian pleasure, especially in the throbbing, ethereal refrain of "Mine own and not mine own." The libretto by Britten and Peter Pears rescues the foursome from the average priggish tediousness of their stage cousins.

I broadcast my simple enthusiasm and discoveries because if ever an elitist cultural event (ten performances only this year in Sussex) deserved a wider audience and the compulsory attention of the GLC's Tony Banks, this is it. Bottom's dealings with the fairies are, I am convinced, improved by Britten — and that is one example of the way in which opera can transform the mundane elements of a theatre masterpiece. Verdi's *Otello* set the precedent.

In October the show will be toured by Glyndebourne to Oxford, Nottingham, Southampton and Manchester. Only Damien Nash will remain in the cast but you should book on the off-chance that John Bury's lighting is done at least some justice in the provinces. The setting of Shakespeare has been a big industry for centuries but Oberon's "I know a bank," according to Britten, is as remarkable an adaptation as Galt McDermot's of "What a piece of work is (a) man" in *Hair*. Throughout, a poetic sensitivity is allied to a musical muscle that is quite breathtaking and never (Tony Banks please note) above quoting mischievously from nursery rhyme and parlour song — in the brilliant Pyramus and Thisbe sequence —convention. I shall not forget this performance.

Maggio musicale by WILLIAM WEAVER

For some years Luigi Nono has been known to be composing an opera, or rather a "stage piece," for the Maggio musicale, to continue thus a tradition of the festival, which has presented world premières by numerous living Italian composers in the course of its long history (the current Maggio is the 44th). The work, it seems, is not finished; but Nono recently supervised a performance of a kind of trailer of it, a 40-minute composition entitled *Das atmende Klarsein* (a quotation from Rilke), for small chorus and bass flute. The technical aspect of the performance was credited to the experimental studio of the Heinrich Strobel Foundation of the Südwestfunk EV, Freiburg (Breisgau).

What we saw was this: eight singers (four women, four men) from the Maggio chorus, trained to perfection by Roberto Gabbiani, lined up on the stage of the Teatro della Pergola. They were assigned three microphones. Slightly in front of them was placed the flautist Roberto Fabbriciani, playing the unfamiliar, seldom-used *flauto basso*: he had two microphones. There was a technician in the otherwise empty pit, at some kind of console; and in the centre of the stalls Nono himself, standing at another console, a helper on either side. Loudspeakers were installed more or less on every hand.

The chorus sang, Fabbriciani played, and Nono deployed or distorted the sounds (which included Fabbriciani blowing over his instrument, as if it were a bowl of hot soup). Some effects were charming but they became repetitive after a (short) while and seemed to add to nothing. It is hard to see how a stage work of any kind will develop from this static — in every sense — creation. One regretted the sometimes tiresome and rhetorical but more kinetic Nono of his old *engagé* days.

The title of the whole evening was *Maggio novità*. It included another world premiere, a composition by Aldo Clementi, and, between them, Maurice Béjart's little homage to Jean Babilée, which was new to Italy. The amazing Babilée was elegant and moving, beside the young and beautiful Christiane Dethy. A breath of life.

Clementi's programme-notes (always a mistake to read such notes beforehand) explain that his *Collage 4* is concerned with the clash "between Catholic-ism and Reformation." It is also concerned with Bach, since its subtitle is "Jesu, meine Freude" and the musical content is to some degree a reworking — again the composer was seated in the stalls at an array of dials — of Bach's music. Clementi also used the same eight voices employed by Nono, as well as eight brass and pre-recorded tape. His piece, however, is described as an "Azione mimo-visiva," and so it had two designers (Michele Canzoneri, set; Dory Bignotti, costumes), a choreographer (Aldo Gardone), and a producer (Maria Francesca Siciliani).

The result, though it also lasted 40 minutes, was of a crushing banality. Ten dancers and ten mimes, indistinguishable the one from the other, pranced about, climbed some ladders, played Ombres chinoises behind a screen. Gardone and Siciliani never did the same thing once: repetition was the order of the day. One would be tempted to describe all this as a waste of talent but — except for that of the singers — little talent was in evidence.

Fortunately another Maggio tradition is the regular appearance of distinguished foreign orchestras, with star conductors. Just before the *Maggio novità* evening the London Symphony under Claudio Abbado played *Firebird* and Mahler's fifth. Impeccable performances, familiar to London audiences, of course (lucky *Londinesi*), but on a level that is heard in Italy only on such festival occasions.

Wigmore Hall

Lutyens

Over many years Elisabeth Lutyens's music has exhibited a tenacious and often fierce individuality. She was a serialist amidst a generation of English conservatives. She did not fall prey to schools or styles, she did not tailor her ideas to condescend to her listeners. As a result Lutyens's music has been privately esteemed rather than popularly acclaimed.

A Wigmore Hall concert on Friday to celebrate her 75th birthday attracted a distinguished audience of composers, conductors, instrumentalists, broadcasters and publishers, but not, unfortunately, the general public.

Michael Finnissy gave the première of the first Book of *Three Books of Bagatelles*, a series of six strongly contrasted piano pieces written in 1979. Of these, the brilliant and challenging virtuosity of the fourth, the smoothly graded small accelerandi of the fifth and the concentrated groups of trills of the sixth made the strongest impression. The more lyrical second and third Bagatelles needed more time to assert the specific identity of their material. Finnissy's playing was admirably clear in conception; he had a composer's understanding of the music, which mattered a great deal more than the small pianistic details occasionally swept aside.

That Sun, a song-cycle from the same year, is a setting of extracts from the letters of Flaubert to his mistress. Though the piano part is ingeniously worked and the vocal line sensitive, the two seemed to meet infrequently. Musical thoughts are rarely exchanged and this gives so short a work a feeling of diffusion. Susan Tyrrell displayed a real contralto voice — unforced, uncovered, pleasingly full — and fine diction; Eric Levi accompanied well.

Vocal settings of altogether greater freedom and imagination are found in *The Valley of Hatsu-se*, a group of eight early Japanese poems, sung in the original. The combinations of duos within a larger ensemble (soprano, flute, clarinet, cello, piano) allowed the voice a great range of contexts and colouristic possibilities. It seemed that the relatively abstract exercise of setting Japanese unsettled the rhythmic patterning of Lutyens's usual response to texts in an entirely salutary way. The musical responses evoked were original and memorable. The Vesuvius Ensemble played lovingly and Jane Manning's singing of the tricky soprano part was immaculate.

One can only praise, too, the spare intervallic discourse of *The Fall of the Leafe*, written in 1965. The excellent performers were Janet Craxton (oboe) and the Lochrian Quartet.

RICHARD JOSEPH

102 enter Leeds piano competition

One hundred and two young pianists from 28 countries worldwide have been accepted as competitors for the 1981 Leeds International Pianoforte Competition presented in association with Harveys of Bristol. The Competition takes place between September 7-19 in Leeds.

The largest number of candidates from one country, 28, is from the U.S.A.

A Romantic week by ANTONY THORNCROFT

The festival devoted to the Romantic movement which opens in London's South Bank next week will offer an opportunity to get up to date with one of the most enduringly attractive of all historical periods. Yet the festival began quite casually with Jerome Rose, the U.S. pianist and Liszt-expert, expressing surprise that London had no major festival and his setting about creating one. Liszt's links with Romantic music provided the theme.

After that, chance took a hand. The Elizabeth Hall and the Purcell Room on the South Bank became available, the Royal Wedding offered a touristic backdrop, everyone rallied around.

Within a few months a week of concerts, readings, lectures and entertainments built around the Romantic movement was assembled.

The cost, £58,000, has been met from private sources. Ticket-sales are going well. Plans are underway for three more festivals at the same venue on successive years, taking the Romantics up to 1900.

Foreign governments, France, Switzerland, Poland, West Germany, the U.S., are sending young musicians to play Romantic music on successive nights. Benny Green is presenting a light-hearted look at the period, and, at the other extreme, George Steiner is lecturing on The Romantic Spirit.

There will be a performance by the BBC Radio Drama Company of Goethe's *Faust*, the RSC is attacking Keats, and Alan Bates taking on Byron. Germaine Greer is handling feminism in the 1790s and Richard Cobb politics. The Songmakers Almanac are presenting Sir Walter Scott. Goya, Delacroix and English landscape artists are served by art historians.

All told, there are nine events on each of the five days. Although U.S. students will be well to the fore there should be something of interest for everyone among the lectures and recitals, the poetry readings and discussions.

Housing the Arts grants

The Arts Council has agreed to make Housing the Arts grants of £40,000 to Watford Civic Theatre, £30,000 to the Photographer's Gallery, London, WC2, and £20,000 to Kettles Yard Gallery, Cambridge.

It has also agreed to a supplementary grant of £22,000 to Buxton Opera House, a cash grant of £5,000 to Hoxton Hall, London, as well as commitments of £4,000 to the Old Fire Station Arts Centre, Oxford and £30,000 to the Borough Hall, Stafford.

In Wales the Housing the Arts Fund will make a commitment of £90,000 towards the cost of the New Arts Centre at University College, Swansea, nd £20,000 towards the cost of improvements to the Dylan Thomas Theatre, Cardiff.

CRICKET BY TREVOR BAILEY

Soft ball fosters future players

IT MUST be more than 25 years since England were last the unofficial cricket world champions. Should we fail to win the Third Test beginning on Thursday, this will be the 13th in succession without a victory.

It is therefore not surprising that people are constantly asking what is wrong with English cricket and why Barbados—a tiny Caribbean island with a much smaller population than any of our big cities—turns out more fast bowlers per season than we do in a decade, as well as a seemingly endless supply of high quality batsmen.

Unfortunately, there is no one simple answer.

A glance at the present first class averages is revealing and underlines the extent that overseas players dominate our domestic scene. They currently occupy the first six places in the bowling averages and have six in the top ten of the batting.

This suggests that not only have we allowed in too many cricketers from abroad, but the standard in other countries has also greatly improved. Conversely, the opportunity to face Garner and Hadlee, and to bowl at Richards, Zaheer and Lamb should benefit our players.

Three contributory reasons for England's decline are as follows.

Firstly, the counties with so much prize money at stake tend to include the experienced professional rather than a youngster who will not initially be as effective but eventually could be far better.

Secondly, the big increase in limited overs cricket appears to be breeding a race of bowlers who think in terms of containment rather than bowling batsmen out.

Thirdly, the successes gained by Mike Brearley in the first part of his reign as captain of England, were helped rather more by the defection of so many to World Series Cricket than has generally been realised.

England is, of course, not well served by the two finest coaches —climate and space. But thanks to the National Cricket Association we have the most comprehensive coaching scheme, and the English Schools' Cricket Association are to be congratulated for the way they encourage cricket in schools which are not handicapped by a summer term which commences so early.

As a result of their efforts, few outstanding schoolboy cricketers are missed by the counties. But many children never have the opportunity to play the game, particularly in the early stages.

Traditional cricket has weaknesses, especially at primary school level. It requires space, a true pitch, expensive equipment, and takes a long time, while being hit by a hard ball is liable to have a discouraging effect.

To overcome these problems, the NCA and ESCA have introduced soft ball caps — using an old tennis ball — into many primary schools this summer. A special organised form of cricket has been designed to suit the particular requirements of this age group.

Wrigley's, who have done so much for cricket at grass roots level, agreed to sponsor a national soft ball cricket tournament. The final takes place at Edgbaston today when eight primary schools — the winners of eight area finals, stretching from Northumberland to Cornwall, to London — are competing.

Gary Sobers, who was reared on soft ball cricket, has always believed it provided the ideal introduction, and that in time it should help to raise overall standards and increase interest.

Watching the London semi-finals, it was not only encouraging to see the keenness of the children, but also how many ethnic differences completely disappeared because what mattered to them was winning the game.

TENNIS BY JOHN BARRETT

Every mod con will be available

FOLLOWING THE familiar failure of home players at Wimbledon, it was encouraging last week to hear of two imaginative schemes for indoor tennis centres costing approximately £2m each. The need for them has been screamingly apparent for a long time.

When John Smith last year produced the report on the state of tennis in Britain that Dennis Howell had set in motion when he was Minister of Sport, one of the main recommendations was that local authorities should co-operate with private enterprise to build multi-court tennis centres.

The Coventry Corporation has enthusiastically supported the first of these projects — the impressive Grand Prix International Racquet Club which is nearing completion on the five-acre site of the old Coventry Zoo.

Alongside the M4 at Heston, Middlesex, the London borough of Hounslow has been equally enthusiastic and helpful in making seven and a half acres of the old Heston aerodrome available for the construction during the next 12 months of the David Lloyd-Slazenger Racquet Club near a new 18-hole golf course.

Both schemes recognise the demand for other racquet sports. In Coventry, there are eight indoor tennis courts in two halls, eight squash courts and ten badminton courts, as well as six outdoor tennis courts — one of them a centre court with seating for tournament use.

At Heston, there will be 20 tennis courts — 11 indoors in three halls and nine out of doors —plus four squash, four badminton and two racquet ball courts.

The Grand Prix Club will open in October with a potential membership of 4,000 across all categories who will pay from £138 per year, for all sports, to £69 as off-peak or country members. Court charges for tennis range from £7 per hour indoors at peak times to £2.50 per hour outdoors during off-peak hours. An hour's badminton will cost £2.50 or £1.50 and 40 minutes of squash will cost £2 or £1.

Comparative costs at Heston are £150 annual subscription for all sports to £50 per year for social and health members. Although the entrance fees are higher at Heston (£125 to £40 against £63 to £40), there is no charge for outdoor tennis.

David Lloyd is just as conscious of the need to provide coaching opportunities for players at all levels, and before his centre opens next May he will announce detailed plans. As at Coventry, there will be special emphasis on encouraging beginners through the use of Short Tennis, a miniature version of the game using plastic racquets and a soft ball. Thanks to the energetic promotion by the Lawn Tennis Association with assistance from Slazengers, this first-class game is already enjoying a mini boom.

Finance in Coventry has come from the directors—Michael Hargreaves-Riley, Alan Ashby, Christopher Knight and Arthur Cole—from an equity investment company and a merchant bank.

At Heston, where one of the clearing banks is funding the project, the Barratt Group has become equity partners with David Lloyd and other individuals. Further financial help has come from the LTA and the Sports Council whose £90,000 grant is one of three for new tennis schemes.

Clearly, these two ambitious projects are of vital importance to the future health of tennis in Britain. I have no doubt they will succeed. For when the British club player has experienced the sheer joy of competing in warm, modern well-lit surroundings where every other comfort is at hand —from sauna and solarium to creche, shop and restaurant/bar —he will be content with nothing less.

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Responding to the riots

THE PRIME MINISTER was quite right to affirm, in her party political broadcast last week, that "the violence must be stopped, the law must be upheld and people must be protected." No Government could adopt any other view of the riots in Brixton, Southall, Liverpool, Manchester and London. It is, after all, the first duty of any administration to keep the peace. On the other hand an unqualified "law and order" announcement is not an adequate response to the events that, in Mrs Thatcher's words, have "horrified us all."

This is not to say that the Government has it in its power to solve all the problems leading to the disturbances, or even that we are yet distanced enough from what has happened to be ready with a proper analysis of the causes. At first glance there seem to be different possible reasons for the various events: relations between the police and black youths in Brixton; a local Asian street defence against invading skinheads in Southall; a sense of hopelessness among both black and white unemployed in Liverpool, Manchester and Wood Green; perhaps a tendency to copy what has been seen on television. Too many whites have been involved for these to be described as "race riots"; too many opportunist looters have been seen in action for everything to be ascribed to deprivation; too little evidence has come to the fore for any of it to be attributed to conspirators.

There can be little doubt that many of those involved, both black and white, have been among the hardest hit by unemployment and this, by implication, Mrs Thatcher has acknowledged.

The high level of unemployment in the UK stems in part from a series of necessary adjustments which the economy is going through: the attack on over-manning in industry is one part of this process. But it does not require the abandonment of the Government's economic policies to think harder and more imaginatively about ways of alleviating unemployment, especially among young people and the long-term jobless, while the adjustment is taking place.

An expansion of the Youth Opportunities Programme is under consideration, with a greater emphasis on training. The idea of temporary recruitment subsidies for employers hiring members of the long-term unemployed deserves to be looked at seriously.

Such proposals alone do not suffice. What is required is a more sharply-focused and serious Government response, starting at the top. If the talk last week was about measures to restore order, the action this week would best begin with a statement from the Prime Minister to the effect that the legitimate concerns of Britain's city centre communities are understood.

This does not mean that the solution lies merely in "throwing money" at the most deprived areas. In many such places a great deal has already been spent. The question is whether it has been spent wisely. In some instances money despatched with the best of intentions seems to arrive among groups of activists whose approach is not always conducive to a lasting renewal of the communities concerned. In others, the necessary sense of urgency is not always shown by officials.

The Prime Minister would do well to consider the appointment of a senior, non-departmental Minister to co-ordinate and, where necessary, improve or accelerate existing programmes.

Experience

With clear terms of reference, such an appointment need not be seen either as a gimmick or as a token response to the events of the past week. Several Government departments have responsibilities which impinge on the inner cities: a greater degree of co-ordination would have practical advantages.

It would also be possible for such a Minister to give a lead to a CBI-TUC programme of positive action to encourage employment in the worst-hit areas, difficult though that may be in mid-recession. Many British companies would co-operate; some already do a certain amount. There is a wealth of American experience that indicates how a plan for business to contribute to such a strategy could be drawn up. Whether the money being spent, or re-channelled, is public or private, the overriding priority is to provide training or jobs. The initial effect of such a programme might be no more than an easing of the pressure. The long run effect could be considerably more hopeful than that.

Obstacles to MFA agreement

THE GATT Multi-Fibre Arrangement talks open in Geneva this week against a background of even greater problems within the EEC textile industry than four years ago, when the "temporary" agreement regulating world trade in textiles and clothing was renewed for the first time.

Under the weight of recession the decline of the industry in Europe has accelerated since 1979 with the numbers of jobs lost now quoted in hundreds of thousands and the numbers of mills closed in hundreds. The industry has been facing competition not just from low-cost suppliers in the Third World, which come under MFA controls, but from resurgent U.S. producers who do not.

Inevitably the EEC Council of Ministers, which will also decide this week the mandate to be given to the Commission's MFA negotiating team, is under stronger pressure than ever from trade associations and textile unions throughout the Community to secure further restrictions from 1982 under the new MFA agreement.

Reducing anomalies

These pressures notwithstanding, the basic aim of the Community ought still to be to restore a greater rather than a lesser degree of freedom to world textile trading and to eliminate at least some of the anomalies which a complex system of restraints produces.

It plainly makes little sense for some of the world's poorest countries to risk having quotas imposed if they build up exports of, say, T-shirts to the EEC while the same product from the U.S. faces no such restraint.

The reasons why there should be greater liberality towards the developing world need hardly be rehearsed in detail. A labour-intensive industry like clothing is for developing countries the simplest way of creating employment and of earning the foreign currency needed to buy imports of machinery, materials and know-how from the developed world.

At the same time it needs to be remembered that the MFA was never intended to provide permanent protection for the industry in developed countries, which incidentally have suffered no more harshly from recession than many of the world's poorer nations. The agreement was intended to create a breathing space in which the industry could move into more specialised areas and could seek through re-equipment to regain competitiveness in others.

Powerful as these arguments are, the EEC textile industry is entitled to point out that liberalisation has tended in the past to be a one-way process with European producers making the most important concessions.

Even after last year's completion of the Gatt Tokyo Round, the U.S. retains substantially higher tariffs on textile and clothing imports from the developed and developing countries than the EEC, as too does Japan.

Australia and South Africa—both resource-rich developed countries—have erected protectionist walls around their own textile industries and have succeeded as a result in attracting investment by major overseas companies, including some based in Britain, which might otherwise have gone to poorer countries.

The record of some of the richer developing countries—with the honourable exceptions of Hong Kong and Singapore, neither of which impose barriers to textile imports—is also far from satisfactory.

The EEC industry can legitimately ask how it can be expected to concentrate on specialist products if it is denied the opportunity of selling them to the affluent minority in countries like Brazil and South Korea where punitive duties are levied on imports of textiles and clothing.

With the two sides to the talks unlikely to find much in each other's programmes to support, moves towards fairer as well as freer trade could represent one way forward.

The EEC could certainly make it clear that what concessions it has to make on quotas will be directed in favour of the very poorest nations, including those just starting on textile and clothing manufacture, and towards those newly industrialised countries which are prepared to liberalise progressively their own import regimes.

The alternative is likely to be an ever-widening system of restraints which will not in the end benefit industry or consumers in the developing or developed countries.

IAEA'S NUCLEAR SAFEGUARDS

So many holes to plug

By David Fishlock, Science Editor

A THICK red-bound dossier on the desk of Professor Hans Gruemm at the International Atomic Energy Agency (IAEA) in Vienna casts an entirely new light on the circumstances surrounding Israel's attack on Iraq's new reactor last month.

For it emerges clearly that the agency has suspected since early last year that Iraq's nuclear ambitions reached far beyond mere research in pursuit of an electricity programme.

The dossier contains proposals for considerably stiffening "safeguards" against any misuse of Iraq's new research reactor. The plans included inspections at what, for the international inspectors in Vienna, would have been the unprecedented frequency of every two weeks. (Every few months is normal). In addition, the agency planned to install an automatic camera to watch the core of the reactor and record any tampering in between inspections.

The bombs dropped by the Israel Air Force on Tamuz-2 on June 7 shattered the IAEA's careful schedule for negotiating these "attachments," as the diplomats call them, to the original safeguards agreement between Iraq and the IAEA for inspection of Tamuz-2 under the terms of the Non-Proliferation Treaty (NPT).

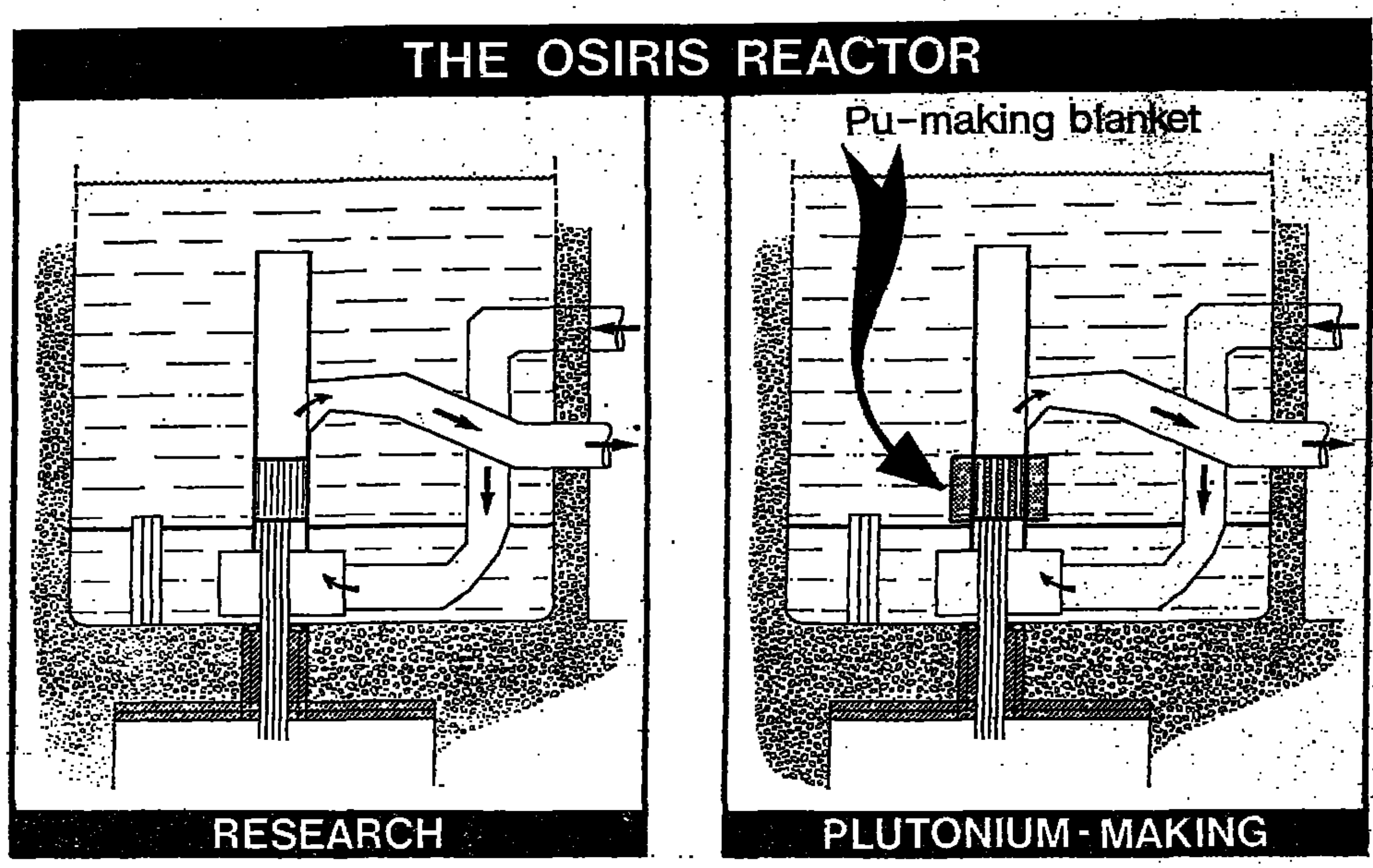
If Iraq had refused—and only if—the IAEA would have been justified under the present rules of the game in alerting the Security Council of the UN to its suspicions.

For the IAEA, the Israeli bombs were the third great blow to world confidence in safeguards against the proliferation of nuclear weapons in seven years. First, in May 1974, came the nuclear explosion by India using plutonium from a research reactor supplied by Canada. Second, in May 1977, came President Carter's own unilateral brand of diplomacy which demanded that contracts previously approved by the U.S. and endorsed by the IAEA be torn up and renegotiated under new safeguards terms the U.S. was dictating.

Can the fragile NPT survive these shocks? "We can work only in a world of nations which have confidence in one another," says Dr Sigvard Eklund, the IAEA's director-general since 1961. "Are all nuclear installations which in one way or another could be used for military purposes going in future to be the target for bombs?"

Dr Eklund and his fellow directors admit that there is widespread misunderstanding about safeguards and the sanctions available to the NPT. Safeguards, the regular examination of nuclear facilities by IAEA inspectors, can be applied only by mutual consent between a government and the IAEA.

This makes nonsense of declarations by politicians that there should be "four times the safeguards," as France's new president has opined, particularly if their countries have never permitted inspections of their own facilities. (France, incidentally, has not signed the treaty.)



What the inspectors were looking for. These diagrams show Iraq's research reactor and the only major change in engineering needed to turn it into a plutonium-producing reactor. A uranium "blanket" would have had to be wrapped around the normal fuel core. Its blue glow would have shone through the clear water surrounding the core.

Signatories to the NPT total 114 nations—on paper, a quite remarkable consensus. But as Dr Eklund says ruefully: "No-one loves safeguards." Those who want them most fervently are the nations which already have nuclear weapons.

Those which care least for safeguards are the developing nations, which agree to sign the NPT in order to win the advantages of the IAEA's technical assistance programme. Egypt is the latest signatory, last February. These nations tend to see money spent on safeguards—$25m this year—as money wasted which could have come their way. They total about 77 nations.

In between are such nations as Canada, which although in at the birth of the nuclear industry, foreswore nuclear weapons from the start. Canada's commitment to the NPT will be sorely tested by the irony that its Candu reactor which it is exporting is one of the most difficult and expensive to safeguard. Should the cost of these safeguards fall on the IAEA as is the custom at present—or on the maker?

In principle, the IAEA safeguards system is simple. Its job is to verify that no nuclear fuel in the hands of an NPT nation is being diverted into a military weapons project. The three fuels which can also be used as nuclear explosives are uranium-235, plutonium, and uranium-233.

Its 138 inspectors, reporting to Professor Gruemm—an eminent Austrian nuclear scientist who is head of the department of safeguards—verify deliveries of these nuclear fuels to each nation which has placed its facilities under safeguards. They must account for the fate of the fuel—how much uranium, for example, has been transmuted into plutonium and where the plutonium is stored.

The operators' books tell the inspectors when and how the reactor has been operated. The laws of physics dictate what changes will therefore take place in the fuel. Their instruments can then verify that there has been no diversion of fuel into unauthorised channels. Seals on sensitive parts of the plant and automatic cameras can assure them that no one has tried to falsify the books. Candu's difficulties lie in its design. "It's like a big cheese—so many holes to safeguard," laments a senior IAEA inspector.

Last year Professor Gruemm's team carried out 1,100 inspections of 500 different nuclear facilities in 50 different countries. They ran some 6m pictures from 150 surveillance systems—cameras and video recorders—through a computer, looking for evidence of unauthorised access. They found nothing untoward.

It is never forgotten that the facilities under safeguards—774 by the end of last year—are only a fraction of the world's nuclear facilities. Of the six nations which have demonstrated nuclear explosives, only Britain and the U.S. have volunteered any of their facilities for safeguards—and the U.S. is currently reconsidering its own position. The USSR has never admitted the IAEA's inspectors. France, China and India have not even signed the NPT—although France is negotiating voluntary inspection of selected facilities.

Negotiation is the keynote of all safeguard agreements between the IAEA and member states. Normally it agrees to keep the outcome of these negotiations—the frequency and conditions of the inspection—secret, not least to prevent rival nations from learning too much about what may be commercially sensitive activities.

Clearly, the IAEA itself is privy to a vast amount of information from the developing countries, as a result of its technical aid programme. "The agency is not and cannot be an intelligence agency," Professor Gruemm says. To go poking around for possible clandestine activities would destroy its credibility as a custodian of safeguards.

What he has is a staff of expert inspectors, seconded by their own governments, well able to put two and two together in nuclear activities.

All of this means that safeguards for any given facility are tailored to the particular circumstances of a nation and its activities. Since these will change with time, a safeguards regime must be constantly re-negotiated. According to Professor Gruemm, the IAEA tries to take account of all credible possibilities in devising a regime for the facility they believe will protect mankind from its misuse.

What they did not envisage, before it happened last month, was the possibility of one nation deliberately attacking another's nuclear facility.

Until the attack, Iraq was a model of the way the IAEA reacts to a perceived threat that a nation under safeguards might be planning to breach them. The inspectors calculated the worst-possible risk from the Tamuz-2 reactor. They have reactors of this type under safeguards in Sweden, Japan, and elsewhere. They concluded that, under ideal conditions, the Iraquis might be able to make as much as 20 kilograms a year of plutonium in this reactor.

Theoretically, the "critical mass" of plutonium—the minimum amount needed in a single lump to make a nuclear explosion—is only 4.4 kg. But this presupposes pure plutonium-239, which it would not be, and no wastage in making the weapon. IAEA inspectors use the more practical figure of a "significant quantity," which for plutonium is put at 25 kg.

They devised the new safeguards regime round the changes that Iraq would have to make in operating Tamuz-2 as a plutonium producer, to make plutonium at the rate of 20 kg a year. These included fuelling it with natural instead of highly enriched uranium, and making at least five complete changes of fuel a year. In addition, they would have to wrap a blanket of natural uranium round the normal fuel core.

Tamuz-2 was a "swimming pool" type of reactor, the core of which—indeed, each individual fuel element—would be clearly visible to the inspector through 30 feet of crystal-clear water. When working, the water would have been suffused with a beautiful soft blue glow of Cherenkov radiation from any real fuel element. If the fuel were removed and replaced with dummies, there would be no glow. Similarly, any blanket of uranium undergoing transmutation into plutonium would be clearly visible to the inspector.

The inspectors concluded that any attempt to misuse Tamuz-2 could be detected in the early stages of operation by a two-weekly inspection regime plus an automatic camera constantly peering into the pool.

The bombing of Tamuz-2, although undoubtedly a blow to the credibility of safeguards, was not a failure of safeguards, Dr Eklund believes. It could even be turned to advantage if it succeeds in persuading nations to place a higher importance on non-proliferation and the constant improvement of safeguards.

Some of those nations — like Israel — still outside the NPT insist that they object only to the loss of sovereignty implied by the treaty, not to safeguards themselves. Dr Eklund believes that the essential ingredient is what the diplomats call "full-scope safeguards." This means that every one of a nation's nuclear facilities are opened to the IAEA's inspectors. "It won't weaken it to call it something else."

What would undoubtedly weaken the IAEA, he believes, would be any separation of the two roles of safeguards and technical assistance. The two go hand-in-hand. If they were separated — as nuclear energy's opponents sometimes propose—the technical aid programme would soon fade away; but safeguards would surely lose an invaluable if highly unofficial and unspoken input about the activities of nations which might be tempted down the path of diversion into nuclear weapons.

DR SIGVARD EKLUND
"no-one loves safeguards"

PROFESSOR HANS GRUEMM
"not an intelligence agency"

MEN AND MATTERS

How the East is read

The mass of information which has flowed out of China since its opening-up to Western visitors and businessmen has made it all too easy for would-be traders to find themselves lost in a morass of uncoordinated facts and figures. The World Bank has undertaken research on an heroic scale to put the picture together at a national level, resulting in a 1.5m word report which will probably not be published, but which has already been extensively leaked.

Now the Bank of America—former home of World Bank president Tom Clausen — is issuing a series of documents on China which it claims will help people doing business with the country to put together the relevant local pieces of the jigsaw puzzle. The information offered by the bank comes in the shape of detailed practical guides to each Chinese province. The first batch, on the three provinces of Manchuria, has just been published. Others will follow between now and May next year.

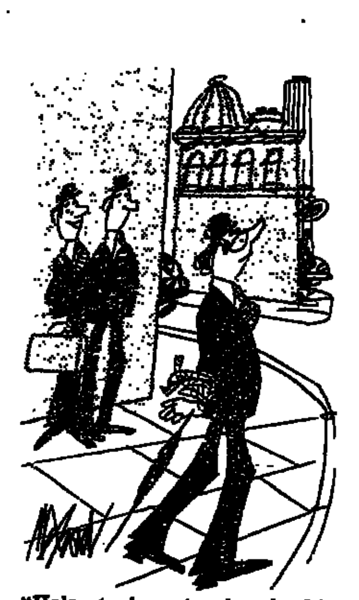
Each province will be dealt with in some 45 pages of text including sections on agriculture, detailing crops, productivity and policies; on industry, including resources, power, metallurgy, machinery, chemicals, construction and light industry; and foreign trade. There will also be hints on the attitudes and helpfulness of the provincial authorities, plus accompanying maps and tables.

The work is the brainchild of Robert Silin, 40-year-old Harvard-educated director of consulting services for BA Asia, based in Hong Kong. For source material, his team has pored over millions of words from Chinese newspapers and periodicals, BBC monitoring services' summaries of world broadcasts—Silin puts in a heartfelt plea that these do not fall prey to Government cutbacks—plus notes from field trips to China by Silin and bank colleagues over several years.

Edwin Winckler of Columbia University, a former classmate of Silin, has helped to provide the pre-1977 and historical material. Silin also acknowledges consultations with Chinese officials in the course of preparing the work. But in no way, he says, does it bear any governmental imprimatur.

The work is not, says Silin, a "Michelin Guide to China." It is very easy to snow people with information. "What we have prepared is a study which, we hope, will not go on to bookshelves, but will travel in the briefcases of subscribers and will be consulted frequently. Take the guy who is in chemicals, perhaps selling polypropylene bags. These bags can be used for some kinds of agriculture. Our work provides the basic briefing for businessmen wanting to know what kind of agriculture and what kind of industry is going on where in China and what sort of progress it is making."

The whole study costs $975 for the first set, $225 for subsequent sets, with a discount for prompt ordering. Depending on how well the study sells, Silin hopes to produce updates of the information, perhaps on a quarterly basis.



"He's trying to break his drinking, smoking and hailing a taxi habits"

Out of mind

As this column went to press last night, a small team of dedicated English professionals was limbering up to defend national pride against a Japanese onslaught in one of the few remaining fields where Britain can still claim world pre-eminence—eccentricity.

In the theatre of University College, London, the home team prepared to contest the title of "Mr Loonyverse" before a panel of celebrity judges including author and fishmonger Henry Root. The visitors include Noboru Hata, a musician who plays vegetables, and has adapted part of his repertoire for the English carrot though his preferred instruments remain the sweet potato and the golf putter; Bon Saito, who plays the trombone without using his hands; hat sculptor Bompei Hayano, who is also skilled in folding pantyhose into animal shapes; while Tauro Maruse is without peer in the field of ostrich and monkey impersonation.

Against them are ranged Britain's Norman Milligan, self-styled Commander of the World's Armed Forces; an underwater pianist; a self-explosion expert; and Doreen Critchley, specialist in the creation of culinary tributes to Prince Charles and Lady Diana Spencer.

The contest forms part of "The Mad Show—Salute to the Great British Eccentric." Its promoting company, Kendall-Lane Corbet Burcher, hopes to institutionalise the contest as an annual event attracting entries from all over the world.

Prose and cons

Daniel Cohn-Bendit, once better known as Paris students' leader Danny the Red, has struck another blow against capitalism. The Frankfurt magazine Pflastertrand (Paving-stone) which he now runs as a modest organ of the protesting classes has just published an alternative version of a new novel by best-selling Colombian writer Gabriel García Márquez.

With worldwide book sales of 22m to his credit García Márquez's emergence from a self-imposed six-year literary silence in protest against Chile's Pinochet regime had been eagerly anticipated by the publishing industry.

His new book, "Chronicle of an Announced Death," was released with an unprecedented fanfare, a first edition print of 1.5m copies in three Spanish-speaking countries, and expected sales of up to 2m in various translations.

García Márquez's Cologne-based publishers Kiepenheuer and Witsch, who planned to publish a German edition next month, are understandably irritated to find that Cohn-Bendit has beaten them to it, attributing the work to a persecuted Chilean, G. de Aracataca.

Legal action may follow—but an unperturbed Cohn-Bendit is even offering to sell the official publishers his magazine's translation.

Understudy

A timely warning on the dangers of low productivity in nationalised enterprises comes to Socialist President Mitterrand from one of the most ancient of French institutions, the Cour des Comptes.

According to the Cour, a sort of public audit body, the stallions on the Government's blood-stock farms are not getting on with the job. On average, they are only serving 25 mares a year, half their potential.

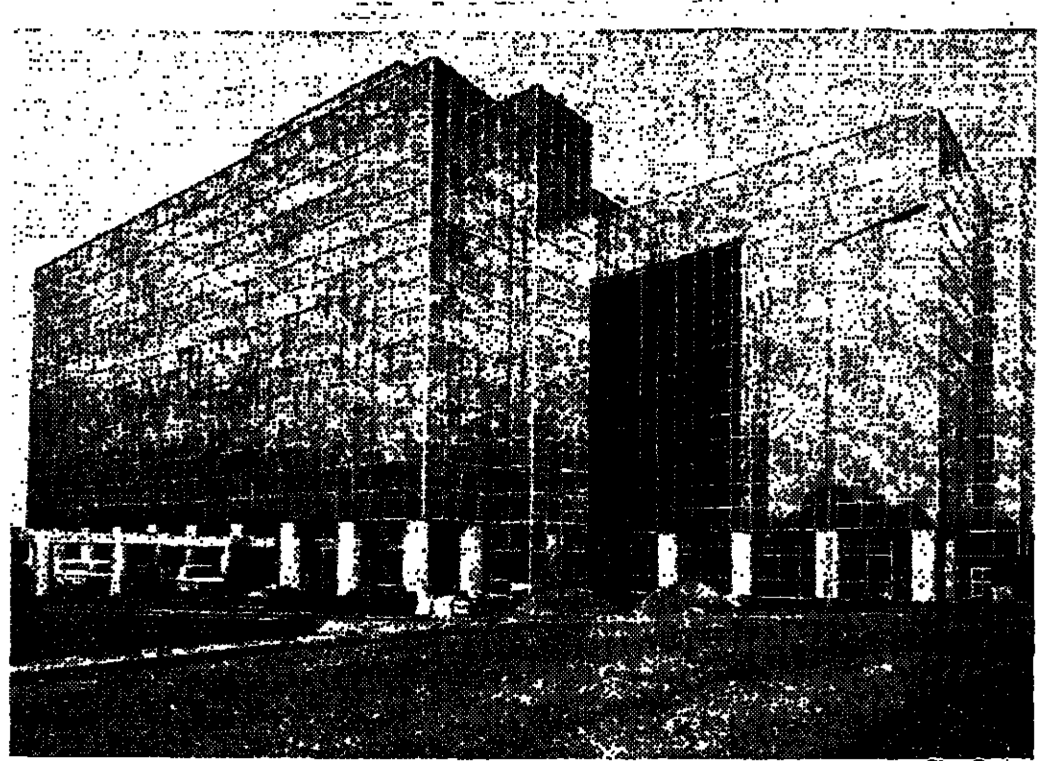
The Agricultural Ministry's enigmatic excuse is: "Technical and economic constraints are preventing them from achieving the optimum target."

Observer

FINANCIAL TIMES SURVEY
Monday July 13 1981

UK Property

In the face of economic adversity in Britain, the performance of the property market has been relatively commendable, although there is less optimism now than there was a year ago. Investment in UK property by insurance companies, superannuation funds and unit trusts reached a record £1.94bn in 1980.



Glyn Genin

Mirrored glass walls are a feature of Caledonian House, Crawley—recently completed by Sir Robert McAlpine

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Most sectors under a cloud

By Michael Cassell

HAVING FOR so long remained immune to the illness which has inflicted itself upon other parts of the economy, the UK property market finally *appears to* have gone weak at the knees. Concern over the patient's state of health is not acute and neither is there any suggestion of a relapse and a return to the type of crisis which, last time, necessitated a lengthy and sometimes painful recuperation.

It would, nevertheless, be wrong to sustain any suggestion that property is still somehow managing to avoid the effects of the recession. It would be nothing short of miraculous if it could; but it says much for the sector's strength and recent track record that people believed it might.

Property's performance in the face of all-consuming adversity may still appear commendable, but there is less to shout about than there was a year ago. The ranks of pundits, analysts and agents who have become used to projecting property as a commercial cornucopia in a financial wilderness are having to work much harder if they wish to make the image stick.

At the *centre of a distinctly* off-colour property market is a recession which is, to varying degrees, reducing tenant demand and also forcing down some previously spectacular rental increases to a point where *they no longer even manage to* keep abreast of a declining inflation rate.

For a while, the impact of the country's economic ills on the property market was patchy and limited, *with signs of weakness* predictably emerging in the secondary sectors. As the recession deepened, it was hardly surprising that the warehouse and industrial markets should begin to feel the full brunt of the recession and by the early summer of this year the volume of surplus warehouse and factory space had reached nearly 117m sq ft, the highest level for over five years. Rental growth has been rare or generally non-existent.

Conversion

In a relative short space of *time, the industrial sector* appears to have undergone a complete conversion. For a while, aided and abetted by improved building allowances, a new band of previously reluctant participants joined the ranks of industrial developers and the market headed for a predictable but apparently unavoidable overkill.

Despite the present economic climate, good (ie well located) schemes are still being unveiled and developed and no doubt most will find customers. But it will take a long time for the mountain *of* unexceptional industrial floorspace to be removed.

To add to the gloom, the state of health of the retail trade has proved to be little short of chronic and while a few notable exceptions have managed to *lighten the gloom, most* retailers have been trying desperately to keep their heads down and turnover up. Empty shops on offer at lower rents have again become fairly commonplace in many High Streets.

Predictions

Shop closures as part of essential rationalisation programmes have become the name *of the game for many retailers* and even if 1981 turns out to be better than many predictions are suggesting, it will be 1982 at the earliest before improved sales stimulate expansion and a fresh wave of demand for space.

The amount of floorspace opened last year in major new retailing schemes fell to the lowest level since 1976—superstores notwithstanding — and some agents believe that the likely trend for shopping in the present decade will involve a continuation of shop closures, with perhaps one out of 10 disappearing in the next 10 years.

Closures in prime locations *in major towns or district* centres seem unlikely, however, and yet again it seems inevitable that secondary property will suffer worst in the shakeout.

Despite the poor and uncertain trading background, shop rents have managed to edge forward over the first half of 1981 and, indeed, to show *some improvement over the last* six months of 1980. In real terms, however, they appear to *be falling* at an annual rate of around 6 per cent, slightly less than the decline in industrial rents. Central London shop rents continue to be hit badly by the slump in *tourist* sales, with substantial rental reductions affecting some of the best known shopping locations.

The office sector has continued to perform best of all throughout the recession and, despite some week patches, demand has remained surprisingly buoyant and rents have clung on to the coat-tails of inflation.

In London, the office market has presented a mixed picture and demand for space varies significantly depending on location. Fringe City space is proving more difficult to let and parts of the West End are described by the more realistic estate agents as totally lacking in activity.

There is a general surplus of office accommodation in the capital and take up of space is expected to remain depressed until business confidence returns.

Predictions that prime rents in the City will rise to £40-£45 a square foot by 1985 (against the current ceiling of around *£25) may well prove to be* correct, but little of that rental growth can realistically be expected over the next few months. As much as 3¼m sq ft of new space is likely to come *on to the City market this year* and with take-up expected to account for between 2¼-2½m sq ft, a substantial surplus will dictate events (and rents) in the medium term.

The impact on the future supply of office space of the Greater London Council elections — returning a Labour majority which can hardly be described as the developers' best friend—can only be guessed at, but *the prospect* of a clamp-down on new schemes will add force to existing predictions that an acute shortage of accommodation will drive up rents once the economy begins to move again.

The new-look GLC says that while it is *not* hostile to office development, the presumption in future should be that the council is more likely to be against offices than in favour—*particularly in the* depressed inner London boroughs. Office schemes will be resisted in areas where over-development is deemed to have taken place already.

So there are enough short-term uncertainties and market weaknesses to cast a cloud over the property sector and it would not be surprising if these problems had begun to throw a less than flattering light on property companies while at the same time curbing some of the enthusiasm felt among investors for the merits of UK real estate. Nothing, it seems, could be further from the truth.

For the most part, the property companies themselves are again in good shape, having fully recovered from the last crisis. Balance sheets are stronger as a result of repaid borrowings financed by rights issues and extensive property disposal programmes, while development schedules are generally modest, accounting for a small proportion of the total book value of assets.

Pressure

Property shares have been strong performers over the past two years and, despite a weak relative performance this summer, the promise of rising profits—stemming from rent reviews and reversions—at a time when those of most other companies are under pressure, an almost unparalleld security of income, rising asset values and the prospect of higher *market rents* all combine to make the sector a sound, long-term bet. It has, however, become increasingly difficult to recommend property shares on any other basis.

It is the long-term view which has brought the investing institutions into property, both as huge investors and as developers in their own right—usurping the role of the traditional entrepreneur but providing the industry with the underpinning which is arguably necessary *in view of its* chequered past.

The total investment in real estate by insurance companies, superannuation funds and unit trusts reached £1.94bn in 1980 against £1.33bn in the previous 12 months. The figure represents a record and takes no account of the growing volumes of investment funds now being channelled into overseas property.

Short-term problems are unlikely to have any effect on the institutions' enthusiasm for property which meets their high and apparently inflexible standards. The fierce competition for what does become available has been a key factor in keeping *yields down to their lowest* levels yet and in encouraging the institutions into the development business.

An alternative option has been to look abroad for property investment opportunities and while there is no question that the volume of funds going into foreign real estate is on the increase, the rate of progress hardly amounts to a stampede. The United States (with Canada moving up the field) is at the forefront of UK institutional—and property company—interest, but regional markets vary enormously, comparatively higher yields are fast disappearing and the American institutions are themselves quickly learning the real estate game. Property, it appears, will continue to be a nice guy—if you can get it.

Some pressing questions on prime commercial property yields

INVESTMENT
WILLIAM COCHRANE

THERE IS an undercurrent of inquiry about the property investment market at the moment. Prime commercial property yields are low and stable, but are they justifiable? The concept of prime property has been seen to work for institutional investors, but are their criteria changing?

How can a weak UK economy support a seemingly thriving commercial property market? Are our investing institutions putting money into the creation of wealth, or merely the distribution of it?

There are those who say the institutions, and property market professionals, are merely paying lip service to the current rise of left wing local politics by ventilating these questions at all.

Others remark that this sort of breast-beating merely indicates the stage we have reached in the present industrial recession: that industrialists are the right and proper people to invest in industrial property; that property, indeed, is an industry in itself—and creates wealth just as legitimately as anyone who bends metal or adds one raw chemical to another.

Mature market

All in all, the level of yields, the concept of prime and the role of the institutions pose the most pressing questions at the moment. As might be expected from an industry described by one foreigner this year as "the most mature property environment in the world," there is no lack of answers.

"You can't just expect property to go on outperforming other forms of investment," says Ian Reid of Richard Ellis. "You need a prosperous economy to justify the yields."

Prime property commercial yields, at the beginning of June, according to Paul Orchard-Lisle of Healey & Baker, were 3¾ per cent for shops, 4½ per cent for offices and 6¼ per cent for industrial premises.

At the rate, said Healey & Baker, to match the performance of UK gilt edged stocks, average annual compound rental growth rates—assuming five year rent reviews—needed to be:

- Shops ....10 per cent
- Offices .... 9¼ per cent
- Industrial .... 7¼ per cent

Those who question the apparent sanctity of prime yield calculations are denying the ability of a weak UK economy to pay for rental inflation of this order.

They are also denying the ability, or inclination of the institutions—both pension funds and insurance companies—to continue pouring money into prime property at the rate they have done in the past.

Earlier this year Norman Bowie, a consultant to Jones Lang Wootton, noted that total sums invested in life funds had gone up nearly nine times from an estimated £4.4bn in 1957 to £38.4bn in 1978. Pension funds had gone up 15 times from £2.1bn to £31.1bn.

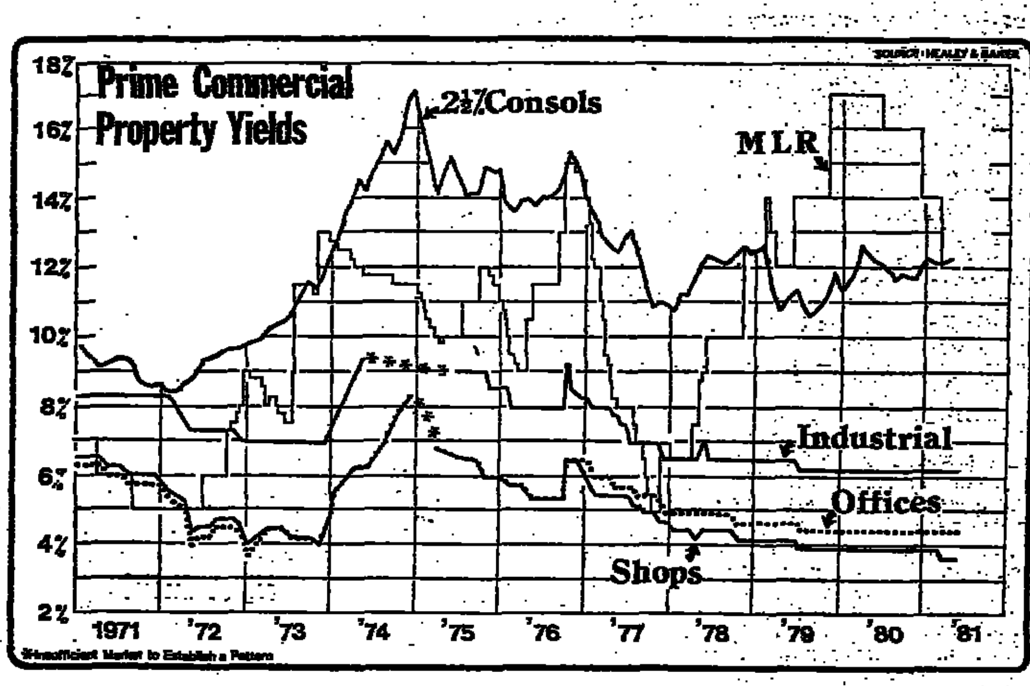
"The growth in property holdings over the same period . . . has been tremendous." said Mr Bowie. "life funds nearly 20 times and pension funds over 120." The figures were: life funds from £476m to £9.244bn; pension funds from £44m to £5.379bn.

"Although the combined size of the life and pension funds grew in the 21 years by over ten times," said Mr. Bowie, "the amount they put into property went up 28 times. "Perhaps governments should not complain about the low level of industrial investment when they do nothing about an archaic tax system which shovels money into these saving channels."

Paul Orchard-Lisle of Healey and Baker, and Ian Reid of Richard Ellis, agreed that there had not been much movement in prime yields in the past two years. But they both say prime yields in themselves were only a simple tool for making comparisons.

Ian Reid "You cannot necessarily say that yields of 10 per cent, and 4 per cent indicate different expectations of rental growth. Returns on secondary property could be extremely good: they could be extremely bad."

Orchard-Lisle: "High growth equals a low yield basis: with shops, the expectation is long-term performance. At the moment there has been a temporary lull in retailing rents but in the past 20 years they have seen steep growth in rents at times, stability less and very few downturns. Prime shop rents in the South East rose by 38 per cent in 1979, and even in 1980 they were up by some 13½ per cent."



In a quiet way professionals in the market emphasise that yield is a reciprocal multiple of rent, not a direct statement of value. Rates aproaching £6 a sq ft for officies in Glasgow, and £24 per sq ft in the City of London, mean a prime office property valued at £10m in the former could be worth £40m in the latter.

Location

So prime investment does not stop at a point just north of Watford. It concentrates on location, of course, and potential multi-purpose usage according to Charles Woodward, investment manager of Reed International.

Office blocks prediminantly occupied by service organisations, given the swing from an industrial to a service economy, are "accommodation for which a continuing demand exists," he says. Whatever the pressures on High Streets in the past year "these shops are located to attract the major retailing chains . . able to weather an economic recession."

Warehouses—not factories, a fact Mr Woodward underlines employees and a maximum of goods in transit, yet demand has slackened and it is here that increases in buying yields "have been particularly noted."

Compared with other parts of the economy the downturn in this sector has been minimal, he says. But if prospects here are regarded as insecure in property investment terms, how can an investment manager with pensioners to support be asked to take even bigger risks?

Mr Woodward answers: "Times of recession, such as we are currently experiencing, severely test the thesis of those propounding secondary property investment—and, it can be suggested, confound it."

Paul Orchard-Lisle of Healey and Baker observes that institutional criteria for property investment are always changing, becoming more and more refined. In the past five years institutions have refined covenants so that gross income on a property is virtually the same as the net—even to the extent of charging interest on rent which is late.

Criteria, he says, are now moving towards performance more than anything else. Along with others, he is not happy about performance indices—or, at least, the widely expressed view that some portfolio managers could be induced to take a short term view, when their strategy should be very long.

"Measuring the performance of one property against others in the portfolio is the way, not a portfolio against an index," he says. Even then, he would like to see a number of rent reviews for that particular property, to establish the trend.

Orchard-Lisle agrees with Norman Bowie that institutions—becoming more and more important as developers in their own right—should be willing to concede planning gains to secure the quality of future investment.

But he is still more concerned with their role as investors. "Take a shopping centre where all the occupational leases come up for review. All traders are saying that they have been hit by the recession but the freeholders could still argue that if one tenant can pay the rent, so must they all.

"The result is that a number of prime tenants might get out when it is in the long term interest of the freeholder to keep them," he says.

City analysts play a waiting game

SHARES
WILLIAM COCHRANE

LOCATION is the key to direct property investment, so getting your timing right has to be the main rule for putting money into property shares.

When they have been able to spare time from the booming Hong Kong market this year, City analysts specialising in property shares have been playing a waiting game in London.

They have had good reason for caution. As Patrick Galvin, partner and property specialist at London stockbrokers de Zoete and Bevan put it in February: "Last year many sectors of the UK equity market handsomely outperformed real property and gilt-edged securities."

Mr Galvin says: "One of those sectors was once again the property sector which rose by 40.5 per cent against a rise in the All Share Index of 27.2 per cent."

Gordon Ireland, of Vickers da Costa, continues the story: "At the beginning of 1981 . . . our view was that the stock market as a whole could achieve some strong price gains in 1981, but that property shares would not fully participate in the rise so that such market conditions would initially have a negative impact on relative performance."

It should go without saying, after the corporate bloodletting of 1974-76, that property shares are not just a more lowly-denominated way of getting into real property. They have to compete with other equities and gilts — which, after a 40 per cent rise in one year, becomes more difficult in the next.

They had a good try in the early months of this year. After a mild decline to a year's low of 435.7 in mid-January, the FT-Actuaries Property Share Index performed strongly in February and March, as rental levels held up well, particularly in the office sector.

Pattern

The sector peaked at 517.8 on April 2. By then, the industrial sector of the equity market was beginning to rise strongly, while the property letting market was weakening.

The trend of company news followed a similar pattern. In April Berkeley Hambro was announcing asset values well above market estimates, following this at the beginning of May with the news that it had sold 55, Bishopsgate, a City office block, for £21.2m against the end-1980 valuation of £19m.

However, still early in May Brixton Estate's valuation was more in line with outside targets, while Land Securities was actually able to disappoint the punters later in the month. The property share index, accordingly, dropped about 10 per cent by the second week in June.

The question now seems to be, not if property shares will outperform the competition some time in the next two years, but when they will do so.

By mid-June stockbrokers Quilter Hilton Goodison, with a weather eye on the U.S. and UK interest rates, were seeing value in "the shares of a number of well financed companies (which) now stand on what is regarded as historically attractive discounts of 30 per cent and over."

De Zoete and Bevan tended to agree, picking up the interest rate point in their own way: "Interest rate fears," they said on June 23, "continue to have a disproportionate effect on sentiment."

They still recommended shares for long term investment: Land Securities with its shares standing at a 25 per cent discount to net asset value; MEPC at 29 per cent below; Capital and Counties — after a reasonably attractive revaluation — on 34 per cent; Laing Properties at 31 per cent and British Land at a 35 per cent discount.

It could be argued that recommending shares for long term investment means the proponents do not see much action in the short term. Phillips and Drew, in changing their sector recommendation from a sell to a hold after it had fallen by that 10 per cent, may have just about caught the tone of general advice.

Gordon Ireland of Vickers da Costa, in a just-published quarterly report on the sector, goes into the reasons: "We have identified five factors which, on the basis of past experience, appear to characterise periods

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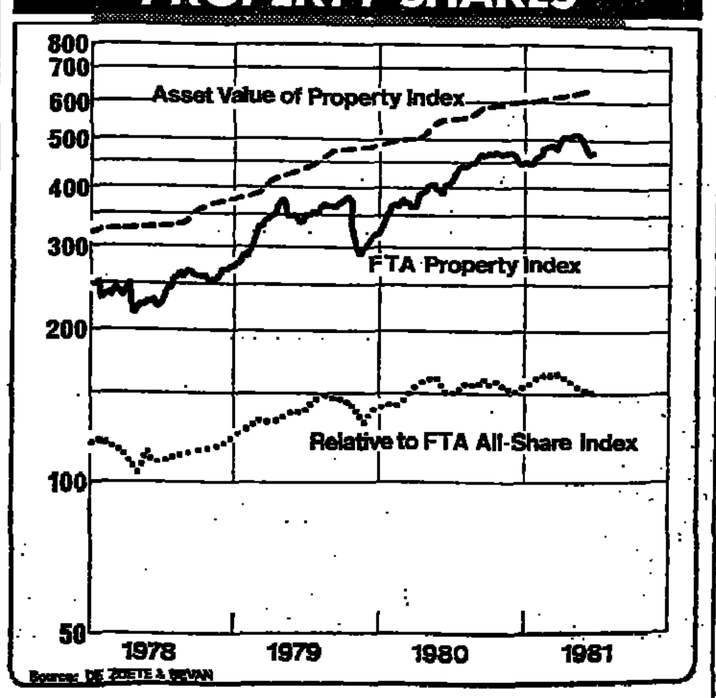
PROPERTY SHARES



Remarkable resilience in the face of recession

OFFICES
MICHAEL CASSELL

THE UK office market has so far proved itself surprisingly resilient in the face of the recession. Tenant demand has generally remained buoyant, rental growth has managed to keep up with, or exceed, the rate of inflation and developers are maintaining a steady but selective construction programme.

It is perhaps not surprising that the office sector appears to be in better health than other parts of the property market. Its current stability stems largely from its dependence on those parts of the economy, principally the service sector, which have so far escaped the worst effects of the recession and because of the absence of the type of potentially damaging oversupply of accommodation which spelled disaster during the early 1970s.

In central London, which has about 40m sq ft of office space, the market is experiencing mixed fortunes although rents are continuing to move modestly ahead. Agents in both the West End and the City continue to report good demand for best quality office space, but fringe accommodation is proving more difficult to let and rentals on this type of property are, for the first time in three years, growing at a lower rate than those in the centre of the City of London.

Warning

In the West End, a certain sign of the market's delicate state is the spate of "period" office headquarters buildings looking for a tenant. One central London agent recently warned investors looking for property in the West End to proceed with caution, particularly if the building in question is let at levels close to rents being achieved in the City.

According to Weatherall, Green and Smith, the traditional differential between City and West End rents seems to have virtually disappeared and they for one do not have as much confidence about West End rental growth prospects over the next five years. The agents advised investors purchasing properties commanding top rents in the West End to seek "some yield advantage above prime rates" — currently at around 4¼ per cent.

Along with most other agents, however, they are clearly optimistic about prospects for the City office market, which has been at least partially sustained in recent months by the continuing demand for space from foreign banks and other overseas institutions wishing to establish or increase representation in London.

The City now has an overall surplus of office accommodation — estimated by agents Richard Ellis at about 1m sq ft—which is not likely to be taken up until sometime in 1982.

The exact timing of the replacement of the surplus with a shortage will depend on the course of the economy, but there seems to be fairly widespread agreement that 1982 or 1983 could see a sharp upwards movement in rentals as the demand-supply equation swings substantially out of balance in the other direction. The position will also be influenced by projected fall in the volume of new space coming in to the market over the next few years, with total supply dropping from around 3m sq ft annually in 1982 and 1983 (around 3½m sq ft are expected this year) to much lower levels in 1984 and 1985.

There now seems a real prospect that speculative office development will once again become a major political issue, certainly in London. The debate on just what level of office accommodation will be required to satisfy London's business needs has rarely abated over the last 12 months, but the arguments can now be expected to take on a renewed vigour with the election of a Labour-controlled Greater London Council which seems intent upon putting what it describes as the real needs of Londoners before the demands of big business.

It could be argued that if London and its people are to survive and prosper then its business life must be allowed to flourish, but some of the early comments by certain GLC leaders have, rightly or wrongly, created the impression that London's business and financial community cannot expect an easy time under the new rulers at County Hall.

Ironic

The irony is that if the GLC does, as it has indicated, resist the expansion of office development in areas which are deemed to be already overdeveloped, then its restrictive approach will push up the value of existing property. With the possibility of central government imposing a ceiling on rates increases, the scope for further rental growth would also be enhanced.

Away from central London, suburban rents have continued to rise strongly in real terms, with west and south London performing best. As a result, some substantial development programmes are under way although many of them will not become available for some time. Rents in some suburban locations have reached £10-£12 a sq ft and levels in several other centres are now fast catching up.

Further afield, provincial rents in several major centres are also rising in real terms, although elsewhere the increase in demand for space has been evidenced by a reduction in supply rather than by any marked rise in rentals. If demand continues to rise, the trend is expected to be reflected in above-average rental growth.

During the latest phase of office development, shortages of adequate existing accommodation and continuing planning restrictions in the London area have helped stimulate new office schemes in several regional centres. The area to the west of London along the Thames Valley and to the south of the capital have made room for a new generation of office centres where demand for space is high and where rents in some cases are approaching or even drawing alongside some of those being obtained within the centre of London.

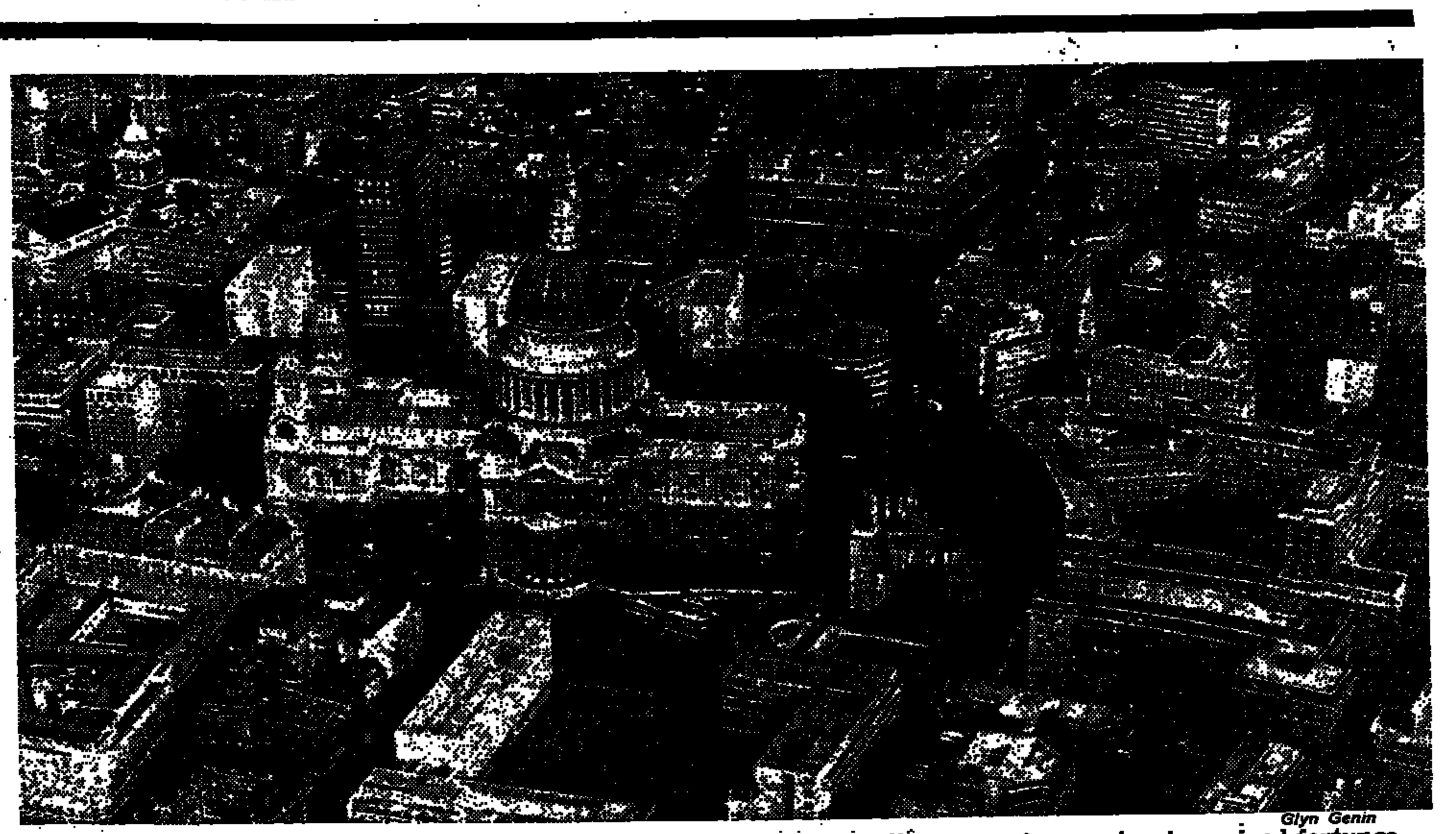
In centres like Reading, rents are up to £11 a sq ft and are soon expected to reach £12 or £13. As development becomes more difficult, so the overspill process begins to embrace even further flung centres such as Newbury, where rents are now on a par with provincial cities such as Birmingham.

It is centres like Birmingham which only now have re-established their equilibrium after several years in which large space surpluses stifled local office markets and ensured that a fresh wave of development was out of the question. Given recent rental growth, the prospects for viable development schemes have improved considerably—most funding institutions now look for market rents of £6-£7 a sq ft before considering a new scheme—though developers remain highly selective and there is no suggestion of a return to the scale of development activity which preceded the last property shake-out.

Demand for office space cannot, of course, be regarded as the developer's inalienable right and it is clear that he is going to have to think a great deal more about the type of accommodation he is providing. There is one body of opinion which has already created something of a flurry by predicting that, after the present recession, the overall demand for office accommodation in any case is unlikely to increase, the level of new office development will fall and that more efforts will be concentrated on modernising office buildings which had become hopelessly outdated.

In the City of London, for example, only one third of office buildings are of prime quality and these will need to be improved if, when rent reviews fall due, tenants are to be kept.

The extent to which the new generation of offices will have to take account of new office technology is a subject which is fast running the risk of becoming the most over-emphasised aspect of property development but there is no question that standards expected by potential tenants have recently taken a very big leap forward and that only the best equipped, most flexible floorspace can expect to provide the returns which landlords expect to see in the future.



Glyn Genin

The office market in central London, which has about 40m sq ft of office space, is experiencing mixed fortunes, although rents continue to move modestly ahead. In the City, in particular, there is good demand for top-quality office space

INSTITUTIONAL CASH FLOW
(Actual—£bn)

	1977	1978	1979	1980	*1981	*1982
Gilts	3.3	3.9	4.8	4.4	4.5	3.5
Equities	1.9	1.7	2.1	2.5	2.5	2.6
Property	1.1	1.2	1.2	1.8	1.8	2.2
Overseas	0.7	0.5	0.6	1.9	2.2	2.7
Other	—	0.6	1.1	0.6	0.7	0.8
	7.0	7.9	9.8	11.2	11.7	11.8
Cash	0.1	0.7	0.6	0.1	0.6	1.7
Cash Flow	7.1	8.6	10.4	11.3	12.3	13.5

* Forecast. Source: Phillips and Drew.

Waiting game

CONTINUED FROM PREVIOUS PAGE

of relative strength for property shares vis-a-vis equities in general. They are in order of importance:

- Rents will be rising in real terms.
- Rents will be rising faster than dividends on industrial shares.
- The ratio of yields on property shares to yields on industrials will be closer to 1.0 than 0.5.
- There will have been a preceding increase in the ratio of yields on property itself to yields on industrial shares.
- The gilt-edged market is unlikely to be in a strong bull trend."

The bad news is that rents in real terms are falling in nearly all sectors, and Vickers has no doubt that there will be little rental growth in 1981. Gordon Ireland, however, believes economic recovery will put real rental growth on the positive side of the equation by the first half of 1982.

Rents should exceed dividend growth. Property company dividends "are likely to continue to rise at an annual rate of some 15 per cent cent in the next 12 months, whereas the outlook for dividend growth in the industrial sector remains very mixed," says Ireland.

On property yields, the end-March, 1981 valuation by Land Securities indicated a current yield of 4.2 per cent and an equated yield—a compromise between current and reversionary—of 7¼ to 7½ per cent. "This is certainly fairly valued against the current yield on equities and even more so with the shares standing at a 20 per cent discount to equity assets," say Ireland.

Vickers is mildly optimistic for the gilt market and believes long gilts yielding nearly 15 per cent offer very fair value against equities yielding 6 per cent and properites yielding 5¼ per cent.

But if gilts are going to improve, and as Vickers puts it "the relative attraction of real property against industrial shares is expected to increase as the stock market responds to the improved profit outlook for industrial companies and yields on ordinary shares fall"—then there is the corollary that gilts and industrial equities might look the better short term option.

Timing

This brings us back to the beginning — the importance of timing. Vickers says: "We remain firmly convinced of our long standing view that 1980-81 will represent a temporary interruption in a long bull cycle for property shares, the end of which is unlikely to be seen before 1983-84."

It takes time to move institutions in and out of the stock market. Many of them would argue, in taking a long-term view, that moving out and back in again for a temporary correction in the market involves a lot of activity and little profit.

The old adage about buying at the bottom and selling at the top is easier to aspire to than to achieve. If Vickers is right, we are in the middle.

UK PROPERTY IV

Government's bold attempt to stimulate building activity

LEGISLATION
LORNE BARLING

THE LARGE number of measures introduced under the Government's policy of freeing the construction industry from the worst constraints of bureaucracy add up to a bold attempt to stimulate building activity without the inflationary tendencies which normally accompany it.

Although swifter planning decisions are welcomed by developers at a time of recession, when delays are particularly painful because of cash-flow problems, the measures have so far had comparatively little impact and the ultimate results may not become evident for some years. However, the general reaction to the policies of Mr Michael Heseltine, the Secretary of State for the Environment, has so far been favourable, with a few reservations relating mainly to reduced control over the industry.

At the start of his campaign to win acceptance for changes Mr Heseltine said: "Speeding up the process of development control has nothing to do with the quality of planning—it is to do with efficiency. It is essential that development which ought to go ahead is not held up by long-winded procedures and sluggish attitudes."

He added that he wanted to instil more urgency into planning and to eliminate the overlap of jurisdiction of districts and counties, with less consequent friction, paperwork and uncertainty. He also called for a change in attitude at both officer and elected member level to complement proposed legislation.

These principles were embodied in a circular on development control published late last year, which aimed at increasing the speed and efficiency of local planning authorities and underlined the importance of small business to the economy.

Although the circular implied no weakening of the importance attached to Green Belt or other related conservation policies, it said aesthetic control should be applied only where there is a specific reason for it. It urged authorities "not to place unreasonable demands on developers, and to be helpful and positive in their attitude."

Moreover, it implied that projects should not be refused because of opposition from sectional interests, pointing out that in some rural areas there is a need for economic activity to provide employment. It also urged alternative uses for historic buildings. Overall, the benefit of this is likely to be in the small business sector, which recent surveys have shown to be suffering from a shortage of suitable industrial and commercial space.

Freedom

Measures to allow greater freedom to build extensions to factories and houses without planning permission have also been introduced. These allow factories to be increased in size by 20 per cent without the need for planning permission, subject to a maximum increase in floor area of 750 sq metres, although a planning application is necessary for any extension within 5 metres of a site boundary.

Greater flexibility on the use of industrial buildings (for warehousing or manufacturing purposes) is also allowed: the burden on local authorities of dealing with thousands of small extensions has thus been removed, "allowing them to concentrate on more important planning applications," the DoE said.

Changes in building control have been more controversial, since many people believe that the new found ability of developers to have plans and construction work checked and certified by an approved independent professional individual or organisation threatens the standards of the construction industry.

Another recent change was the introduction of fees to be paid from April 1 last year for planning applications to local authorities, a measure which has had a mixed response and has resulted in a call for changes, notably from the Federation of Master Builders. As a result the DoE agreed to make revisions relating to anomalies and patently unfair charges in certain circumstances.

Other major changes include the abolition of the requirement for office development permits and the establishment of land registers in 26 areas of England listing all public sector land which is unused. Compulsory sale of this land can be ordered when necessary so that the best use can be made of land resources.

Perhaps the greatest progress has been made in the processing of planning appeals—an area regarded by the Minister as one where great improvements could be made to reduce delays. To this end more planning inspectors were appointed to handle appeals, a panel of part-time inspectors was created to be called upon in peak periods, and a system of instant decisions following inquiries was introduced.

"Because of these measures it has been possible to contain the times taken to decide appeals in the face of an increase in the number of appeals during the past year," the department said recently.

According to Mr Giles Shaw, Parliamentary Under-Secretary at the DoE, 13,130 planning appeal decisions were issued during 1980, an increase of 47 per cent on the total of nearly 9,000 in 1979. The total number of appeals received during 1980, however, was 25 per cent up on the previous year.

He added that decisions issued in the last six months were a record, 70 per cent up on the corresponding period a year before. "We have eliminated the general backlog of appeals and times taken continue to improve," he said.

Applications

Improvements have also been made in dealing with planning applications; in the final quarter of last year a total of 127,000 such applications were dealt with by local authorities in England. "For the first time in recent years there was a small but significant improvement in the proportion of applications dealt with in the eight week statutory perod," the DoE said.

This improvement followed strong criticism from the House-Builders Federation, which suggested that delays were caused largely by local authority inefficiency and low output per employee. It said that by relaxing planning control on minor developments around 20 per cent of applications may be taken out of the system, which entitled it to ask for improved efficiency, reduced delay and lower staff levels.

The introduction of enterprise zones offers another area for fairly unrestricted property development, since planning restrictions have been kept down to a minimum and there is to be no development land tax within the designated areas. Tenants will not have to pay local authority rates. There have been some rumblings of discontent, however, among property owners on adjacent sites, who argue that their property values will fall while their rate commitment will not.

Abolition of the Community Land Act by Mr Heseltine was also an important and welcome step as far as private developers were concerned, since it removed the wider powers of local authorities to acquire land for development purposes.

Overall, the many measures introduced recently have been helpful to the construction industry, although few have yet had a major impact. Nevertheless, taken together they are likely to improve operating conditions considerably in the medium term and should be valuable when the recession eases and the industry can take advantage of the greater flexibility it has been given.

Need for more flexibility if projects are to succeed

ENTERPRISE ZONES
RAY MAUGHAN

WHEN THE Chancellor of the Exchequer, Sir Geoffrey Howe, announced his proposals to set up enterprise zones in his March 1980 Budget he broached a possible solution to the chronic problems of urban decay which was right in line with government thinking.

If the planning jungle could be hacked back and if powerful financial inducements were offered, surely the private sector would respond by investing heavily in areas of prolonged neglect.

The package was duly delivered in the brightest possible wrapping. The benefits included relaxed planning requirements, a promise of quick handling of other planning controls, exemption from rates for non-domestic property, 100 per cent capital allowances for industrial and commercial properties, exemption from development land tax, the removal of requirements for industrial development certificates and, at last, a cut in the statistical input the government machine demands of business.

Additions

The nine sites initially scheduled for such favourable treatment were the Lower Swansea Valley in Wales, Clydebank in Scotland, Belfast, and six areas in England: Salford/Trafford in Greater Manchester Corby, Dudley, Speke (Liverpool), Newcastle/Gateshead and the Isle of Dogs in London's docklands.

Two more were added to the roll in February this year with sites in Hartlepool, Cleveland in an area south east of the town towards Seaton Carew, and in Wakefield, West Yorkshire which comprises the Langthwaite Grange Industrial Estate, South Kirkby. The two additions are significantly smaller than the first nine which averaged 500 acres each.

The announcement of the location of the zones has been followed by long statutory consultations with the local authorities to determine the boundary of each site. Agreement has to be reached on the planning proposals and policies which will give effect to the relaxed planning regime and the administrative arrangements for giving developers and planners quick decisions.

Only two areas have come up to the starting line — Swansea and Corby — and have been officially designated enterprise zones. The others however, are expected to receive official status by early autumn. Thereafter the perceived benefits can be measured.

The Government has always insisted that enterprise zones are an experiment and has appointed an independent urban and land economic consultancy, Roger Tym and Partners, to study the impact of the policy in each zone and to try to decide which incentives have been influential in generating activity. The study will extend over three years, although a monitoring system will be established to cover the zones throughout their 10-year life. The first preparatory report is expected in September or October.

So, while the Government has mixed what it hopes are the right ingredients, the result is very much in the melting pot. That has not, however, prevented the many interested bystanders from attempting to predict the outcome. Some, intrigued by the possibilities of a benign planning bureaucracy and the chance that, for once, unenfranchised business tenants will not be taxed by local authorities, have embraced the experiment warmly.

Others are rather more cool. While it would be churlish to attack out of hand any scheme designed to bring life to regions of waste and decay, the zones' detractors do appear to have isolated one or two areas for further consideration.

One or two of the earlier problems have disappeared with the definition of the boundaries of each zone — the Isle of Dogs has yet to be defined in this way — but they lead on to other potential difficulties.

When it was first announced that, for example, the Salford/Trafford area was earmarked for zonal status there were unanswerable questions for incoming commercial tenants. Would their chosen accommodation fall within the zone or outside the pale?

In nearly every case, designation is now imminent, but it does not solve the problems of those companies which are located just outside the boundaries. It will make a great deal of difference to the profitability of those businesses which do not have these zones' massive financial incentives.

With the realisation, perhaps, that they are being given what may be a last chance to help blighted areas—under a private sector umbrella at least—most authorities have responded quickly to meet the problems. Even where a zone takes in two councils, as in Greater Manchester and Tyneside, the authorities appear to be presenting a united front.

Argument

With one or two exceptions, however, local authorities are preparing to veto major retail developments, the argument being that the arrival of superstores and hypermarkets would take custom from established businesses in the hinterland. In its extreme, there is the fear that unfettered development on these lines will merely shift unemployment from one area to another, or at least dilute rather than create prosperity within each local authority catchment. There is the fear, too, that if a very large retailer enters a zone, other potential competitors will stay away.

What happens if Carrefour's planning application before Salford Metropolitan Council for a hypermarket succeeds? Will other retailers back off or decide that the financial inducements offered can compensate for the additional competitive pressures?

It seems that with the exception of Wakefield, Swansea and Corby, which is only imposing a limit on food and drink retailing, most authorities are imposing a space ceiling which would preclude the scale of development currently favoured by the ambitious retailing chains.

It may not appear to matter overmuch if retailing is watered down in this way, but as the Unit for Retail Planning Information has shown, a 2,500 sq m superstore will need 150 full-time employees who, given the nature of the retail trade, can be young and unskilled people. The hope must be that, without damaging trade in peripheral areas, some measure of give and take will prevail.

Yet it may be that necessity will give birth to invention. Mr Peter Jones, a planning economist writing in the recent quarterly survey prepared by agents Bernard Thorpe, chronicles some encouraging example of increased flexibility. Consortia of businesses may be formed to promote inner city development whereby large companies can act as the base and the catalysts, as Mr Jones puts it, for smaller companies.

Manufacture and retail may go hand in hand if companies decide to allow the public to buy goods direct from their factories. He cites the interest shown by kitchen assembly and double glazing companies as the possible forerunner of a considerable number of combined activities setting up in the zones.

At this early stage it is possible to be optimistic of the outcome. The local authorities, as evidenced by the manoeuvring which went on when the zones were located, seem enthusiastic. If all sides, not just planners, are prepared to abandon rigid attitudes and adopt a flexible approach to the problem of inner city blight, there is a chance that the new zones will live up to their name.

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Activities mainly concentrated in high-rent areas

NEW DEVELOPMENT

MICHAEL CASSELL

"WE ARE hindered by the fact that yields that can be achieved through long-term schemes, in these days of high interest rates, are not acceptable to us. To others—some perhaps with a more favourable tax structure — those yields might be acceptable, but I consider that to your company they would result in a very unsatisfactory level of deficit financing over too long a period."

The comments are those of Mr Sydney Mason, chairman of Hammerson Property and Investment Trust, and they go a long way in explaining why the group, which has an active development programme overseas, has confined its UK development activities to a *minimum.*

Mr Mason's views about the inadvisability of contemplating heavy capital commitments in the UK market are by now well known but, as he himself concedes, not everyone has the same view.

For development activity in the UK has been reasonably buoyant and has been spread across most sectors of the property market. Selectivity has been the keyword, with activity concentrated on a few well-defined high-rent areas and a large proportion of the space coming available already earmarked for specific owner occupiers or tenants.

Activity has centred largely on those property companies which have held sites ready for development and have now been encouraged by growing shortages of space and rising rents to take the plunge, together with the institutions which, in their search for prime investments, have beaten yields down to their lowest ever levels and decided to improve both the supply and the level of returns by developing themselves.

People such as Mr Mason have questioned the role of the institutions in the development market and he claims that they cannot properly perform the function of the property entrepreneur, whose traditional place will not be restored until everyone accepts that the best results will be achieved by separating the roles of the long-term investor and the recognised developer.

Mr Stuart Holland, MP for Vauxhall, has been fighting a campaign against fresh office development in London, makes the point that it might be all very well for a developer or contractor to take a short-term view of a scheme if that company is only a temporary participant in its creation but that those involved in funding and looking for a long-term source of rents, profits and dividends have to adopt a different set of criteria.

Closer look

Given the longer-term nature of the institution's approach to development they should, he claims, begin to take a much closer look at the projected levels of demand for office space in traditional commercial centres and not merely maintain a development momentum based on past trends. One report from developers themselves questioned the assumption that demand for office space would turn up once the economy revived.

Other critics of the institutions in their property development role suggest that the nature of the funds' operations means that, while their responsibility to their members is always being trotted out as a reason why they should not entertain anything but the safest, soundest forms of investment, they are, in practice, not called upon to justify the merits of *individual schemes.*

As a result, there are those who suggest that certain funds have made, and are continuing to make, bad decisions when it comes to new developments but that they are able to immerse their *mistakes in a fairly* effective way.

The institutions should, according to some within the traditional property development market, clearly define maximum risk thresholds and leave the developer to evaluate projects and maximise profits all round. In response, the funds are confident that present yields can be justified and that most development is being done on a sound and sensible basis.

It would be wrong to assume that the institutions now totally dominate the development scene and some of the largest have been turning away investment opportunities in the past few months because the property content of their portfolios has reached the desired ceiling. Some funds appear to be reluctant to proceed much further down the development road at this stage, not only because of existing heavy commitments but because of uncertainties about the medium-term future.

Availability of funds, suitable development packages and the prospect of more stable construction costs has been helping to maintain the pace of development for some while, although the sluggish rental outlook, stabilising values and the possibility of space surpluses for some types of accommodation may see a reduction in the level of activity in 1982.

In London itself, a peak in new office development has been reached during 1981, with an estimated 2m sq ft of floorspace due to be completed in the City.

Most of the larger City schemes to be completed and marketed in the early 1980s are already planned or under construction, but while a large number of speculatively developed buildings will become available over the next two and a half years, few schemes are at present planned for 1984 and 1985.

Overall, it is estimated that between 5m and 6m sq ft of City office floorspace will be completed between now and 1985, of which nearly 1m sq ft is known to have been pre-let or sold.

As if proof were needed of the growing influence of the institutional developer, agents Richard Ellis point out that the proportion of speculative City schemes which can now be attributed to property companies has fallen from nearly 60 per cent in the mid-1970s to just 40 per cent now.

Prediction

What is concentrating people's minds at present is the prospect of the next space shortage in the City and the prediction that, given a simultaneous improvement in the state of the economy, the office market could again record the type of rental growth which has, until recently, been experienced.

Another leap in rentals would undoubtedly enhance the attractiveness of the new wave of office development planned for the South Bank which some believe will be badly needed to provide overspill facilities for the City and which others, with equal conviction, believe will become white elephants incapable of attracting occupants.

The prospect—and in some cases the arrival—of space shortages in provincial office centres has also sparked off a fresh round of office development, with rents capable of sustaining new schemes and offering the developer the chance of a reasonable return on his money.

No such shortage is likely to inflict itself upon the industrial property sector, where a spate of developments on the part of institutions—including the clearing banks—and property groups has left a mountain of vacant space which will, even when the economic upturn comes, take a considerable time to disappear.

The rush into industrial space, aided by Government incentives, is not an entirely encouraging story and tends to support the view of those who regard "fashion" in property as an unhealthy pastime. It also lends some weight to those who believe the institutions can lose sight of the marketplace for occupiers in their determination to fulfil their investment strategy.

There is still a good case for industrial schemes in good locations and several major projects are still being started up in the belief that there will *always be customers* for modern space in the right place. The development market is, however, likely to become increasingly selective in the forseeable future.

The same will undoubtedly be *true for retail schemes, although* the short-term problems of the retailing sector are unlikely to dissuade investors from making what is essentially a long-term decision. The number of large town centre schemes carried out last year fell back significantly and the same trend can be expected in 1981 as developers face increasing difficulty in locating suitable redevelopment opportunities.

Taken in isolation, the present economic climate is sufficiently uncertain to delay the start of many development schemes, with the distinct danger that, given the length of the development cycle, the industry will again find itself out of step with demand. By the time the space arrives, that demand has dropped and the investor is left with the consolation of large interim rental increases while he ponders over the problems of letting surplus space.

A more responsible approach to development

CONSERVATION AND ENVIRONMENT

MICHAEL CASSELL

"APPLY TO build a 5,000 sq ft warehouse nowadays and the local planning authority will do its level best to ensure that you get five miles of roads, a recreation ground and a sports hall thrown in for nothing. The concept of planning gain is in danger of being abused and of running out of control."

These — perhaps exaggerated comments—come from one of the growing ranks of developers who are discovering their obligations in today's property development industry invariably extend well beyond the interests of their shareholders, policy holders or pensioners and into those of the community whose activities they directly affect.

The nature of property *development has always* meant that the local environment could not escape its repercussions. But, perhaps in response to a growing disenchantment with the impact which new schemes have often had on their *surroundings, the planning* authorities and local community groups are demanding their pound of flesh—or more suitably, their acre of grass—as part of any development deal.

It is an obligation which any enlightened developer must accept, providing it remains within the bounds of reason. But some recent planning approvals—and the conditions attached to them—might provide the observer with reason for believing the community's elected representatives might be proving just a little too greedy.

While all developers—with one or two notable exceptions—believe their role *in life* is to *develop rather than sit back and* collect the income from previous endeavours, they will certainly not build at any price and may well abandon schemes which in nearly every case would have provided some benefits for the local environment.

It seems almost inevitable today that any application for a major office development within a town centre is met with a suggestion—or a demand—that an element of housing should be included. The developer is increasingly being asked to fulfil a social responsibility which in many cases might reasonably be regarded as well beyond the limits of his obligations but one which he is expected, by the authority or local pressure group, to fulfil.

With housing authorities often unable to contemplate any substantial expenditure on the provision of new homes — a problem which is getting worse as expenditure cuts bite — the *developer is increasingly* regarded as a legitimate instrument to provide what can no longer be provided in the traditional way.

Accountability

There is a good case for suggesting that any widening of the developer's responsibilities and any extension of his social accountability is a welcome trend, but at the end of the day he is an independent force whose existence and continuing ability to play any role in fashioning the fabric of society is strictly contained by his ability to remain profitable. It would be regrettable if, as if in penance for past sins, the property development industry was expected to fulfil a role out of all proportion to a proper contribution.

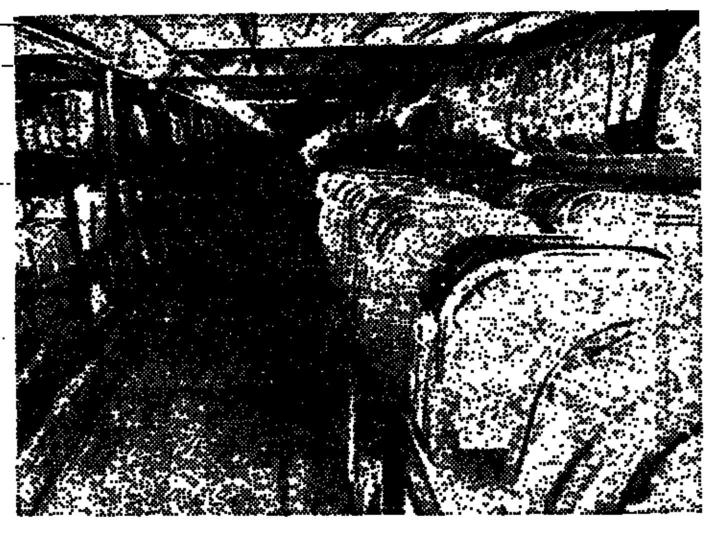
Mr Michael Heseltine, Secretary for the Environment, argues passionately for a greater *sense of responsibility* on the part of the designers and the developers to provide buildings which provide the community as well as the financial backers with positive assets.

Mr Heseltine has worked hard to smooth the planning and development process and to make land available for new schemes but there is no suggestion that the industry is being given *carte blanche* to build what it wants.

Indeed the reverse applies. The Minister is keen on promoting the highest standards of design for buildings of any significance and regularly reminds the investing institutions that their responsibilities extend beyond the creation of a respectable yield.

A few well-publicised cases of alleged "planning vandalism" have helped raise the temperature in the development sector and Mr. Heseltine has already been accused of over-reacting to a handful of unfortunate cases by slapping listings on a wide range of buildings which might previously have escaped ministerial attention.

But the message is clear. By all means improve the climate for property development by removing some of the obstacles which have slowed down the pace of progress and given the UK a poor track record on development times. But within their new freedoms the developers will be expected to maintain a responsible approach to their business and to think long and hard about ways of improving the standard of their contribution to the built environment. The initiative is as much with them as with the Government or the planning machinery.



AS OFFICE rents in the City of London and the West End rise to record levels, many companies are using underground tunnels (as indicated above) for off-site storage of business records.

The 350 company clients of Security Archives of Haverstock Hill, London, range from accountants and banks to stockbrokers and solicitors. Documents are stored 150 feet below ground in tunnels more than a mile long.

Mr. A. W. Puxley, managing director of Security Archives, says his business is borne directly out of the high cost of office space, since underground storage is "a fraction" of central London office costs.

Pressure on rents and capital values

INDUSTRIAL PROPERTY
ANDREW TAYLOR

INDUSTRIAL PROPERTY rents and capital values have come under the greatest pressure during the recession and it is the major manufacturing regions such as the West Midlands, North-West and North-East where the impact has been felt most.

Nevertheless, even in these regions the effect of the recession on industrial property values has been far from uniform and there has been no general collapse of the market place like the one which followed the last major economic recession of 1973-74.

The greatest single factor influencing industrial markets in regions such as the North-West and Midlands is the vast amounts of older accommodation which has been vacated by manufacturers carrying out long-overdue rationalisation or by companies going into liquidation.

Some of these premises — particularly those buildings dating back to the turn of the century — are worth little more than redevelopment site value. Under different conditions these properties might have been expected to have come onto the market, gradually over a period of years. As it is, closures and rationalisations have come in a rush.

Given the large amounts of older vacant properties now available it seems likely that some of these premises will remain empty for a long time — despite rents of 80p a sq ft and lower being offered in some locations; and despite an encouraging level of redevelopment of some of the larger industrial buildings into nursery units.

In these conditions it would be unrealistic to have expected the industrial property market to have come through the last 12 months unscathed. However, rents and capital values for new buildings have held up surprisingly well, when one considers the battering that the manufacturing sector has taken.

Rents and capital values for new industrial accommodation may not have risen much in many parts of the country, but neither have they fallen greatly and there is no sign of mass panic from developers left with large amounts of unlet or unsold properties on their books.

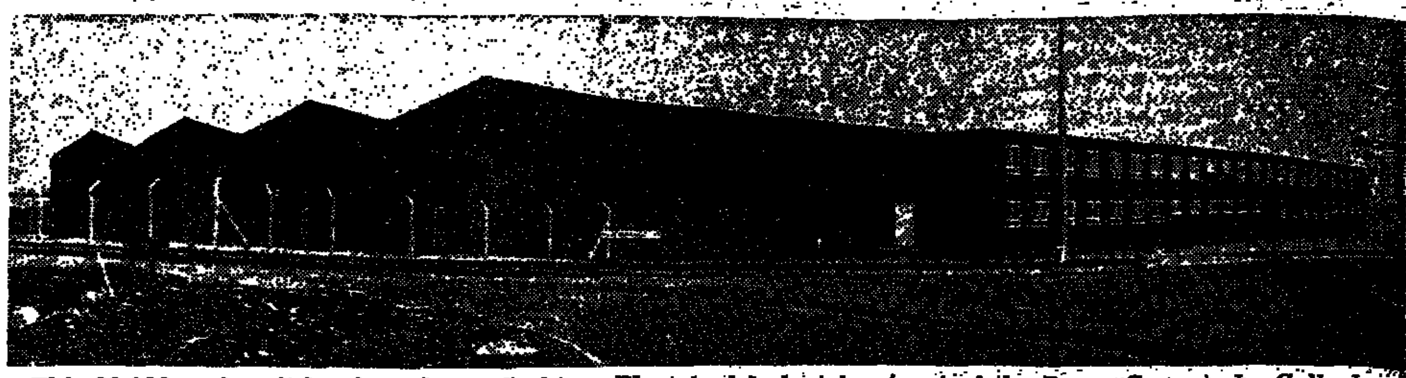
It is the improved position of developers that is the fundamental difference between this recession and the property collapse of the mid-1970s.

Cash flow

Seven years ago it was the development industry that felt the strain as large amounts of newly completed properties were forced onto the market as industrial demand turned down sharply in the wake of the 1973 oil crisis. Developers facing severe cash flow problems and under pressure from the banks were forced to unload properties often at less than cost.

Developers these days are much more soundly financially based and no longer finance new projects with mountains of debt. Thus, despite record interest rates last year developers were able to take a more relaxed attitude to the recession the brunt of which, this time, has been borne by industrialists.

That is not to say that life has not been difficult for those seeking to sell or let even new industrial properties in regions such as the North-East. With prime rents fairly static in a number of areas of the country —falling in real terms—prospective tenants and purchasers have a far wider range of properties to chose from.



This 82,000 sq ft unit has been let to Crabtree Electrical Industries (part of the Berec Group), by Gallagher Developments at the Gallagher Industrial Estate, Green Lane, Walsall, West Midlands

Deals are therefor taking two or three times longer to achieve as purchasers and tenants hunt around for the best terms. Special deals, including rent-free periods of up to six months, are also being offered.

Meanwhile, developers and investment institutions are becoming more selective about industrial schemes they take on. A recent survey carried by estate agents King and Co. showed that, in mid-April this year, the total amount of new industrial space under construction had fallen to 16.23m sq ft compared with 17.4m sq ft at the beginning of the year. This figure should fall further as current development programmes draw to a close.

Cautious attitudes towards taking on fresh development programmes are by no means uniform all over the country. In many parts of the South-East, for example, there is continuing strong demand for new schemes and investment yields of 6¼ per cent and lower for prime industrial properties in these areas have shown no sign of softening.

The figures produced by King and Co. showed that since the beginning of this year there had been an increase from 6.83m sq ft to 7.89m sq ft in industrial accommodation under construction in London and the Home Counties. By comparison, figures for the rest of England and Wales showed a fall from 10.56m sq ft to 8.34m sq ft.

One factor which could have significant influence on future levels of industrial development activity is the Government's decision — announced in the March budget—to allow 75 per cent capital tax allowances on new industrial building costs. This, after allowing for additional annual allowances would increase to almost 80 per cent in the first year.

The new allowances should prompt a higher level of industrial building than otherwise would have been the case although major institutional investors/developers like the pension fund will receive no direct benefit as these are tax-exempt bodies anyway.

The impact of increased capital allowances has already been seen in the industrial nursery unit sector where there has been a significant uplift in new development following the Government's decision last year to permit 100 per cent capital allowances on industrial units of up to 2,500 sq ft.

Concern

Since this scheme was announced, there has been a sharp rise in the number of individuals and organisations seeking to undertake nursery unit development in order to take advantage of the 100 per cent tax allowances.

The rising level of development of nursery units has caused concern in some parts of the property industry which fear that people are taking on development for the wrong reasons and that this could result in an eventual oversupply of nursery units in some areas.

Correspondingly there have been fears that by increasing tax allowances on larger units to 75 per cent this could spawn unhealthy developments at a time when the market is already suffering from a vast oversupply of industrial premises, albeit mainly older properties.

Another Government measure likely to affect the industrial property market over the next 12 months or so is the creation of new-style enterprise zones which offer industrial and commercial operators in the zone significant tax and local authority rate-free benefits.

There have already been indications that landlords in some of the new zones are pushing up rents in anticipation of increased demand for their premises. Others fear that areas immediately adjacent to the new zones will be blighted as a result of tenants moving out in search of the tax and rate advantages offered next door.

Another Government-inspired measure already having an impact on industrial development is a programme of advance factory units being built in assisted areas by the English Industrial Estates Corporation but financed by private-sector money. Those taking part in the scheme include Barclays Bank which recently agreed to provide a further £5m to support nursery-unit factory development. The first units are under construction at Scunthorpe.

Meanwhile, the strongest area of the industrial property market remains the South-East and, in particular, to the west of London where factory and warehouse operators have been drawn by the very good motorway network in close proximity to Heathrow airport. Here, industrial rents have risen to £4.50 a sq ft and more.

For the rest of the country the market has generally been patchy. Serious problems clearly remain for much of the older accommodation on the market and even some of the newer developments have, at times, been very slow to shift. Nevertheless, lettings are being achieved and demand for good quality well located factory and warehouse accommodation has held up surprisingly well.

Despite this, many agents do not expect that prime rents, outside areas where demand is strongest, will see any material improvement until later next year such is the slack still to be taken up.

Major companies still making substantial investments

RETAIL PREMISES
DAVID CHURCHILL

NEXT MONTH Mainstop, the superstore subsidiary of BAT Stores, opens its 22nd superstore in the UK at Redruth in Cornwall. It plans to open a further 12 by 1985 to bring its total to 34.

Safeway, the U.S.-owned supermarket chain, recently announced a 14-store expansion programme by the end of 1983. Tesco is also continuing with its expansion plans, despite the heavy cost of financing new stores, and has just won the contract for a 65,000 sq ft superstore at Abingdon.

What these and a number of other examples clearly show is that despite the current gloomy state of retail trading there are still many major companies prepared to make substantial capital investment in retail property.

Yet there is no escaping the fact that retailing remains as depressed as it has been for the past year—notwithstanding the better than expected spending levels in the early part of this year. Most retailers are in fact mystified by the official Government figures, which show that the actual level of spending in the shops has not been so depressed.

At a grass roots level retailers report that the going this year has been very tough. Rising unemployment has continued to depress consumer confidence levels, although there are signs that redundant workers are still ready to use their redundancy money to buy luxuries such as video recorders and domestic freezers. Not surprisingly, the general decline in trade has shown up worst in high unemployment areas such as the North-East and Scotland.

Sectors most affected by the poor conditions appear to be the clothing market—a victim of the bad weather and the fact that consumers are willing to trade down in times of recession—and home furnishings.

The response of retailers has been to indulge in some frantic price-cutting to maintain their own sales volume at the expense of other stores. The result has been a substantial paring of profit margins which has put extra pressure in particular on small retailers.

The recession appears in fact to be helping the growth of the multiples at the expense of small shops. The former have steadily increased their share of the retail market over the past decade while independent shop outlets, despite their greater numbers, have consistently lost ground.

Sales volume

Multiple chain stores, although in the forefront of the battle to maintain sales volume, have the financial muscle to weather the storm and look ahead to the next consumer boom.

Thus the multiples are still interested in prime High Street shop locations, but they are adopting a policy of being highly selective and rents and prices being paid are described by one retailer as "being more realistic than a year ago."

One of the major structural changes in the High Street will be the sale over the next five years of British Gas Corporation's 900 retail showrooms. The Monopolies and Mergers Commission concluded in a report last year that British Gas was abusing its market dominance in the sale of gas appliances. The Government has decided that this abuse is best ended by the showrooms being sold to the private sector in phases over the next five years.

Of the 931 gas showrooms in operation during 1978-79, some 436 were freehold and 495 leasehold. The freeholds tend to be older properties, often in poorer districts, and thus have a relatively low value, whereas the newer showrooms, especially those in city centres, tend to be leased.

Although the multiple chains in the High Streets have adopted a fairly cautious approach to new investment in sites, the food chains have been pushing ahead with their expansion plans. The major chains, such as Tesco and Asda, realise that to stay ahead in the fiercely competitive grocery market during the 1980s they have to invest new in new superstores.

The advantage of superstores —with selling areas above 25,000 sq ft—is that they enable retailers to secure a higher value of sales with increased productivity and lower profit margins.

There are about 300 superstores already operating in the UK and the trade expects that number to double by the mid-1980s—although most trade analysts acknowledge that the market by then will probably have reached saturation point.

All the big multiple chains, as well as the co-operative retail societies, are involved in the race for superstores. Asda, which is unique in the grocery market by having only superstores and no traditional size

CONTINUED ON NEXT PAGE

Industrial market hit hard

WEST MIDLANDS

ANDREW TAYLOR

UNEMPLOYMENT in the West Midlands has risen faster in the past 12 months than in any other region in the country. The number of jobless has doubled in a year compared with a rise of two thirds for the rest of Britain as a whole.

The impact of the recession has been felt most heavily in manufacturing and regions like the West Midlands—sometimes described as the engine room of Britain—have suffered disproportionately.

Despite the large number of factory closures, reduced demand for office space in many areas and increasing pressure on retailers, however, the effect of the recession on the region's commercial property sector has been muted by comparison with the collapse of the property market which followed the 1973/74 recession.

IT MIGHT be expected—given the battering manufacturing has taken over the past 12 months—it is the industrial property market that has suffered worst from the recession in the West Midlands.

Figures recently published by King and Co., estate agents and chartered surveyors, show that in mid-April there was 18.1m sq ft of vacant industrial and warehouse space available on the West Midlands market. This compares with only 7.6m sq ft at the corresponding stage a year ago. Commercial property agents in the region have more empty industrial premises on their books than even during the lowest point of the property market collapse in the mid-1970s.

In addition to the many hundreds of acres of plant already lying idle, King and Co. estimated in April that there was a further 1.75m sq ft of new factory and warehouse space in the course of development due to be ready for occupation within six months.

All this would appear to indicate an industrial property market in dire straits but there is surprisingly no signs of panic among those who earn their living from buying, selling or letting industrial premises in the West Midlands.

In fact rents and capital values for new and well-located properties in the best urban areas or along motorway links have held up reasonably well in the circumstances. Rents for these types of premises may not have risen much in the past 12 months but neither have they fallen—which might have been expected given the vast amount of industrial space now on the market.

Much of this accommodation is older space which has been relinquished through company failures or by manufacturers carrying out long-overdue rationalisation. On different circumstances a good deal of this might have been expected to have been relinquished over a number of years. As it is closures have come with a rush.

It is at this end of the market where the pressure is greatest. Rents for older properties have been quoted at 90p a sq ft and lower and there are large numbers of special deals offering rent-free periods and the like.

Agents Edwards Bigwood and Bewlay say: "The difference between now and the previous recession is that seven years ago there was a far higher proportion of new properties forced on to the market from developers facing severe cash-flow problems. Now the market is much more soundly based and there have been few, if any, signs of enforced panic selling by developers."

Nevertheless, as Edwards Bigwood & Bewlay is first to admit, the West Midlands industrial property scene remains very frustrating for landlords and developers. It is very much a "buyers' market" for those with money available to buy or rent premises.

"It is rather like the housing sector," say the agents. "There is a wide choice of properties available and prices are cheaper than for some time when relative movements in rents, capital values and inflation are taken into consideration."

As a result deals and letting are taking up to two or three times longer to achieve as potential tenants and purchasers shop around for the best terms and properties on offer.

Top industrial rents in the region are averaging around £2.20 and £2.35 a sq ft and have seen little if any improvement over the past 12 months—particularly if special deals like the 6-month rent-free periods being offered on some properties are taken into consideration.

Most agents are not expecting to see any improvement in prime industrial rents and capital values until 1982—such is the state of the region's economy and the slack to be taken up in the market.

Meanwhile the pace of new development starts has slowed considerably, although there are a number of schemes waiting to be dusted off once the climate for development improves.

With pressure mounting on builders to find new work as schemes are completed, tenders for new developments have risen slowly over the past year and may even have moved into reverse during the final months of 1980. If and when costs start to move sharply upwards again then there will be increased pressure on prime rents and values to rise—although there may be some time-lag before this works through.

Agents Grimley and Son say that one of the strongest areas of demand has been for small nursery factory and warehouse units and that the sale of freeholds for smaller premises has been holding up reasonably well.

But perhaps the best description of the West Midlands industrial property scene came from one agent who said: "The market remains very difficult but not impossible and that is the real difference compared with seven years ago."

RETAIL PREMISES IN THE WEST MIDLANDS

Strong demand in prime locations

THE WEST Midlands shop market, along with the rest of the region's commercial property sector, has not escaped the rigours of recession—although by taking a stroll down Birmingham's New Street it is difficult to find evidence of any serious or lasting damage being done at the top end of the market.

Demand for shops in prime retailing locations, such as New Street, has remained relatively strong. It is in the off-pitch locations where pressures are mounting as retailers face dwindling profit margins and rising overheads in terms of increased service charges and higher local authority rates.

Frederick J. Pepper, the Birmingham-based agents which specialise in retail premises, report that rents at the top-quality end of the shop market have continued to rise, but premiums for leases have tended to stabilise — "and, in this respect, a greater sense of realism is being shown."

"Compared with 1975 there are very few shops standing empty as most disposals have taken place while shops are trading normally and before lack of profitability dictates closure.

"Nevertheless, there are probably more shops on the market this year than in 1980 but on the whole, and particularly for prime shops, leases tend to be sold without too much delay or difficulty."

One example of how the recession has affected the level of "key-money" being asked for prime shops in Birmingham city centre when an asking premium of more than £32,000 was eventually reduced to £20,000 in order to secure a recent deal.

Rent reviews

At the same time the recession has prompted an increasing number of retailers to seek independent arbitration as rent reviews fall due. These retailers are seeking a lower review in the light of rocketing service charges and sharply rising rates bills.

One guide as to how shop rentals have moved over the past two decades can be found in current rent review negotiations for a store in a main urban area in the West Midlands. The lease is on an old-fashioned 21-year rent review pattern, with the annual rental likely to increase from £1,000 as negotiated in 1960 to £11,000 currently.

ANDREW TAYLOR

DEVELOPMENTS IN BIRMINGHAM'S OFFICE MARKET

Signs of strain at Edgbaston

THE RECESSION may have not touched the thriving central Birmingham offce market but in nearby Edgbaston the signs of strain are showing as companies have rationalised and cut back on their space requirements.

The most expensive and prestigious office district in the West Midlands is to be found in Birmingham's city centre — a small tightly-knit area bounded by Waterloo Street, Temple Row, St Philips Place and Colmore Row. Rents here have risen to more than £7 a sq ft compared with around £5 two years ago.

The highest rents are for smaller suites of between 5,000 and 12,000 sq ft with ground floors suitable for banking hall facilities. A deal with Standard Chartered, for example, at 102 Colmore Row for around 11,500 sq ft is understood to have worked out at around £7 a sq ft.

In the nearby Bank of England building something near £8 a sq ft is being asked for a self-contained 5,000 sq ft suite with a ground floor reception area.

Agents Edwards Bigwood and Bewlay say that despite the recession demand has remained strong from the banking and financial community and with space in short supply rents have continued to move ahead.

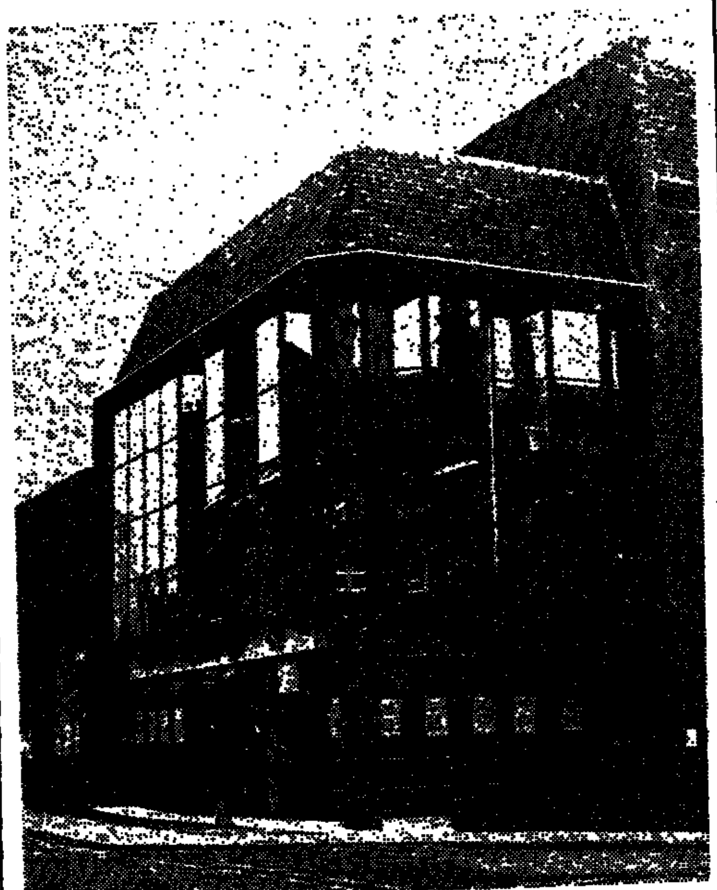
For large space prospective tenants have had to look away from the main central area; in nearby Church Street, for instance, a 60,000 square foot development by the Trafalgar House group is understood to have been prelet to accountants Peat Marwick Mitchell for a rent of around £5 a square foot.

There are two further maor office developments in the pipeline close to Birmingham city centre. These are Berwick House, comprising 60,000 sq ft due for completion at the end of this year, and Civic House, 80,000 sq ft due for completion at the end of 1982. Asking rents for these buildings are expected to be more than £6 a square foot.

Outside Birmingham's city centre the office market has been more difficult—particularly as mentioned earlier—in Edgbaston, where a number of manufacturing companies have been seeking to renegotiate leases at historically low rentals.

A year ago the Edgbaston market had appeared to have achieved significant progress, with much of the large surplus of vacant space left over from the last property boom having been taken up. Rents of more than £4.50 a square foot were then being asked for large multi-tenant office space along Hagley Road.

Since then the market has been thrown into confusion, with some landlords still attempting to hold out for rentals at the higher level while some tenants, grasping the opportunity to rationalise their operations, have been seeking much cheaper accommodation by renegotiating leases.



The new Mainstop superstore at Darlington. The group plans to open a further 12 superstores in Britain by 1985 to bring its total to 34

Substantial projects

CONTINUED FROM PREVIOUS PAGE

supermarkets, has 84, with another 11 due to open before the end of next year.

Over the past year Asda has been steadily moving south from its northern base and this trend is likely to continue. To help smooth the path for future developments, and to concentrate the company's resources, Asda recently set up a separate property company to manage the Asda superstores and other retail outlets owned by the parent company, Associated Dairies.

Tesco's plans

Tesco, the market leader in terms of grocery market share, has just over 70 superstores and plans to have 79 open by the end of this year. Tesco's ambitious expansion programme over the past few years led it to borrow heavily to finance the developments at a time when interest rates were soaring. Eventually it was forced into a sale and leaseback programme for some of its stores to help generate new finance.

Superstore developments also help to compensate for the closures of small shops, since a number of new jobs are created. The Mainstop superstore at Leyland in Lancashire, which opened earlier this month, created over 170 new jobs.

Shop rents appear to be holding up well despite the recession. The Hillier Parker and Investors Chronicle rent index shows that shop rents are still growing slowly with "signs of recovery with the rate of increase at 5.4 per cent per annum which is significantly up on the previous level of 2.7 per cent per annum."

Jones Lang and Wootton suggest that superstore developments are going to affect some retail shopping centres more than others, and argues that "we may well see a wider range of yields than at present for prime shops."

Edward Erdman points out that "because of the limited supply of prime property available to rent or purchase and notwithstanding weaker demand, rental levels have stood up quite well over the past year or so." Erdman adds that when the consumer upturn arrives "the demand for shops will increase and rents will rise—but the problem is in forecasting when this event will occur."

More confidence in city centre areas

THE NORTH-WEST

RAY MAUGHAN

IT HAS become almost a truism to talk of the recessionary forces which have laid waste major tracts of industry and commerce in the North-West. The impact is no less regrettable for all that, but agents remain quietly confident of the letting and investment markets in selected areas.

The Liverpool office market is still under pressure and prime centre city rents, according to the June quarterly survey prepared by Bernard Thorpe, have stuck at £4.50 per sq ft. Manchester, too, has been quiet over the past six months and rents remain at about £5.50.

Local agents believe, however, that the prime city centre office market may be about to take a step upward again, with rents finding a possible benchmark of perhaps £6 per sq ft. Dunlop Heywood, the estate agents based in Deansgate, say that the prime space is running out with less than half a year's requirement remaining.

The Royal Liver development in Albert Square has been prelet ahead of its expected completion next spring at a rent thought to be approaching this figure. The Heron House development next door is now thought to be on offer after being abandoned by the corporation at £5.50, but the scheme is almost complete and the additional nine months for the Royal Liver completion may make the difference.

If this thesis is accepted development should be about to re-start. Certainly, this is the way the agents see the picture and are also looking for a new refurbishment phase to begin.

Location

The suburbs are letting at about £4.50 for average space of about 15,000 sq ft, but Wilmslow continues to set the pace. A fashionable town and conveniently sited near a stopping point for Inter-City connections, rents in Wilmslow are still ahead of even the city centre and are thought to be achieving up to £6.50 per sq ft.

Shops are still said to be letting well in good locations, although the Arndale is still undergoing a typical shake-out among some of the initial tenants. Agents say that covenants still sometimes leave something to be desired in the retail market as a whole, "but there are no white elephants."

The investment market does not appear to have moved very much. City centre shops, in prime locations, remain on rack-rented yields of 4-4½ per cent and out of town standard retail units seem to be offering a 4 to 5 per cent initial return.

The level of enquiries is said to be bullish and rents in the very best shopping areas in Manchester, for example, may be achieving £50 to £55 in Zone A, although one agent said that he "wouldn't like to have to prove every last penny of it."

It seems inevitable that the North-West will be looking first to the upturn in its industrial base. Redundancies within the textile and engineering industries were being announced "at a terrible rate" during the winter and the space being marketed by Courtaulds and other companies still dominates the region's factory and warehouse markets.

Yet the archetype of surplus multi-storey textile plant accommodation was largely marketed *a few years ago and the current* surplus is not nearly so heavy as it was.

The supply and demand equation is not much different than at the end of December and mid-April this year when King and Company, a major countrywide specialist agency in industrial accommodation, last measured the amount of available space. The figures for warehouses were 8.91m sq ft at the turn of the year and 8.43m sq ft, three and a half months later.

The comparable estimates for factory sites were 14.91m and 15.4m sq ft and building under construction, for occupation within six months, were 3.2m and 2.54m sq ft.

The region has two enterprise zones but both, at Speke and Salford/Trafford, must wait at least another month before designation. Agents responsible for some of the space within the zones say that "the momentum is in danger of slipping" through the delay, but they add that the zones have generated a great deal of interest.

Depreciation

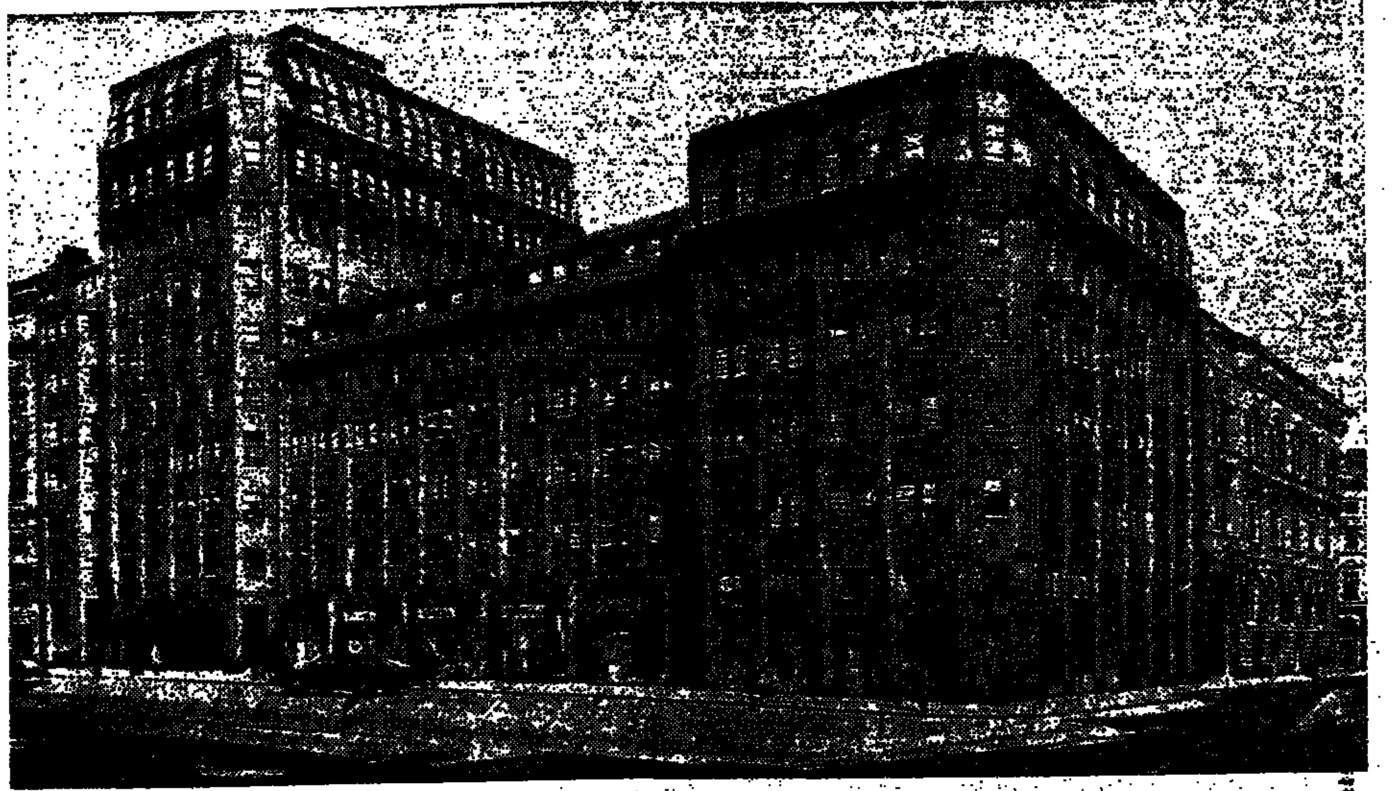
The steps that the rating officers have been asked to take in accounting for the depreciating effect of the zones will probably remove some of the objections to the Government's experiment with the problem of inner city decay.

The obvious criticisms from tenants in neighbouring space will take some time to subside all the same, and there is growing concern that those responsible for selling space within the zone will impute values to it which will absorb the other financial incentives offered. For the moment, though, agents affirm that "if the level of inquiries crystalises, it's a sell-out."

They believe that the success of a zone will also confer some useful spin-offs as new industries and big names "which the small people will follow" move into the area.

Industrial rents in the region appear to have been fairly steady and it is likely that prospective entrants have been waiting until the zone boundaries were finally mapped out. Prime rents in the outskirts of Manchester have been reaching about £2.10 and Liverpool has seen about £1.60 for first class property. Yields appear to be about 7 per cent if location and quality are right.

The concept of nursery units has been thoroughly accepted and agents are talking of rents in the £2.00 to £2.50 range in several sites within the Greater Manchester area.



Liverpool's prime office market may be about to move upward again, according to local agents. Above: Imperial Buildings 78,000 sq ft shop and office development in Dale Street, Liverpool. The nine-floor project is centrally located not far from the City Hall

Agency receives record number of inquiries

WALES

BRUCE KENNEDY

DESPITE UNEMPLOYMENT in the region running at 14 per cent and a major plant closure announced almost every week, the commercial and industrial property market in Wales remains surprisingly buoyant.

Even at the Welsh Development Agency (WDA), which is spearheading the Government's drive to create more jobs and regenerate the regional economy, there is some surprise at the sheer volume of inquiries. WDA is the biggest factory developer in Britain, if not in Europe. Last year it spent £51m on factories; the outlay this year will rise to £68m. Moreover, despite the large amount of space coming on the market it is being filled.

WDA is responsible for about 17m sq ft of factory space, about 8 per cent of which is currently unfilled. That proportion compares very favourably with the position before the recession got under way two or three years ago. The level of inquiries in the first six months of this year is one-third up on the corresponding period of last year, and that means over 1,000.

Says a WDA spokesman: "With the continuing advertising campaign in the Press and our first-ever supplementary campaign using commercial radio and television in London and the South East we had more inquiries during March than in any month since the agency was set up." The inquiries have also resulted in allocations — 79 units so far this year compared with 68 last year. But most have been in the smaller units which appear to be enjoying a real boom.

Mr Lional Hayes, a partner in Swettenhams, chartered surveyors with an office in Wrexham, says: "It is the little man employing two or three others who is looking for a 1,000 sq ft to 1,500 sq ft."

Closures

According to Mr. Hayes the "little man" is prepared to pay what are relatively high prices in the context of north east Wales. He said the average was £2 a sq ft, but in the right spot in Wrexham he would go up to £3. The area has been savagely hit by industrial closures, notably the Shotton steelworks, and there is undoubtedly redundancy money going into this kind of development. Bigger premises like the factory closed by Firestone last year are still empty.

On the office front the picture is similar. There are no problems disposing of smaller offices of all types but the biggest block in Wrexham, Roxburgh House, with 18,000 sq ft, has been vacant for several years. Said Mr. Hayes: "The position in towns like Wrexham or Mold is that either someone wants an office or you can't give it away."

In South Wales the cities of Swansea and Cardiff have in recent years been catching up with their English counterparts in central area redevelopment. In Cardiff the St Davids centre was opened only this year and this has given an impetus to demand, particularly for shops. Mr. Ian Metcalfe at Cooke and Arkwright said several shops have gone in Queen Street, the main shopping street outside the new centre "without a board going up." Zone "A" prime rents are between £60 and £70 a sq ft and in Swansea about £30.

Developments

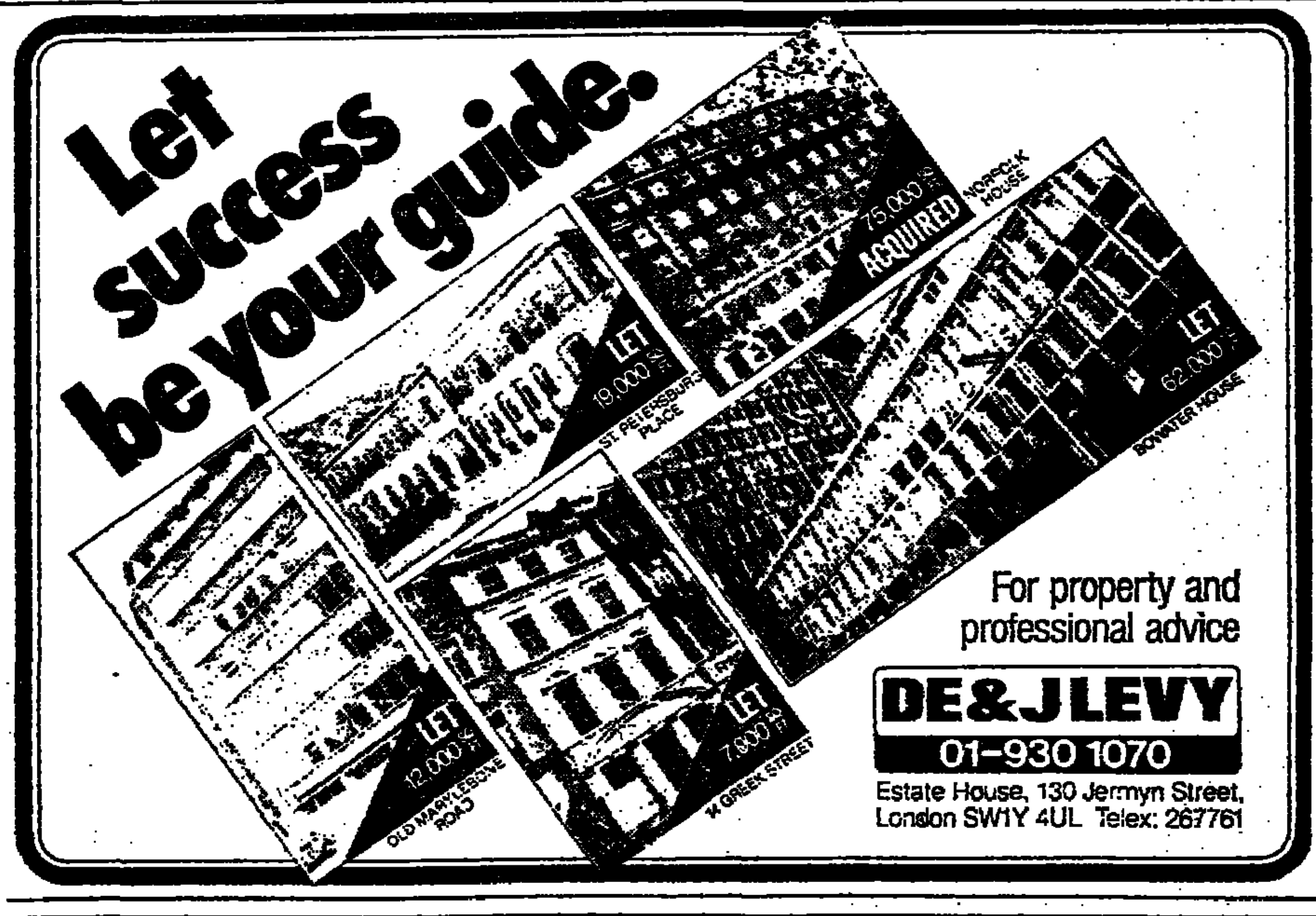
Cardiff is the major centre for office development and there is quite a volume of space on the market—although most agents say even here the outlook is optimistic. There are several more developments in the pipeline, and whenever reasonable sites come on to the market there is competition for them. New office development is fetching £5 to £6 a sq ft in rents—with existing but modern offices at about £4.50.

Rates generally have gone up. In South Glamorgan, where Labour won control of the county from the Conservatives at the May elections, there has even been a supplementary rate. But this does not seem to have affected the market noticeably.

On the industrial estates which are growing rapidly across the South Wales coastal belt in particular, units of up to 7,000 to 8,000 sq ft are being snapped up. At Hadfield Road in Cardiff they were going for £1.80 to £2 a sq ft, with a yield of 7½ per cent. And despite the fact that the WDA can offer incentives like rent-free periods most agents in the private sector agree that this does not distort the market.

There is some concern, however, about the Enterprise Zone officially set up last month at Swansea. Cooke and Arkwright's Swansea office acted as main agents for 10 units for the William Moss Group, of up to 12,200 sq ft in size. Nine of them went in the first fortnight at between £1.70 and £2 a sq ft. Further units are likely to go at about £2.10 a sq ft. Outside the zone the market is flat and very competitive: units are slow to move at £1.60 a sq ft.

According to some of the occupiers adjoining the zone they are already suffering blight because of the advantages to be gained a few yards down the road. This is the development which will be watched most closely over coming months.



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Shortage of new space in Glasgow office market

LAMBERT SMITH, based in Glasgow's Buchanan Street, has just introduced the first of a regular series of reports on the Glasgow office market against what they describe as "an active background."

Mr David Rooney of LS says that the series, covering demand, current market, supply rents and prospects, should fill a gap in the market where particular aspects, rather than the totality, have attracted comment until now.

Mr Rooney reckons that, so far this year, "first lettings" are equal to the normal annual take-up—estimated at 300,000 to 350,000 sq ft, although the agents emphasise that this take-up figure is for both new and existing stock.

They say that a total of 317,537 sq ft has been let for the first time comprising:

- A public sector take-up of four units aggregating to 59.3 per cent of the space involved.
- Private sector, 38.2 per cent in seven units.
- Owner occupation, one unit, accounting for 2½ per cent of the total.

On the current market, the report sees an increasing trend of building contractors undertaking the traditional development role, and institutions going into direct development. Strong tenant demand lined to limited supply has increased prime rents, brought tenants to consider fringe buildings (principally on economic grounds) and encouraged new development in the "Park Area" for the first time.

Glasgow's "Park Area" is north-west of the central area traditionally favoured for offices; it generally provides office accommodation in converted period "town houses" popular with professional users and/or users with a high car-parking need.

The supply question is dealt with as follows:

- *Existing* stock, that is total office supply within the City Centre is 13.45m sq ft, divided as to central area 11.2m, and park area 2.25m sq ft.
- Existing supply, or current availability for sale/to let at 285,308 and 51,039 sq ft respectively, plus a peripheral 189,575 sq ft making a total availability of 525,922 sq ft or 3.9 per cent of total stock.

Lambert Smith note that these figures include substandard accommodation.

Broadly speaking, the agents' estimates and conclusions on new supply back up the remarks of Jones Lang Wootton elsewhere on this page. So does Lambert Smith's suggestion that if demand remains at present levels, there will be a critical shortage of new space capable of single occupation in the popular 10,000 to 15,000 sq ft range for the next 18 months.

On rents, Mr Rooney is brief, and to the point: "Assuming a maintenance of demand and the predicted severe reduction in available space in late 1981/early 1982, prime rents will move significantly through the £6 per sq ft barrier."

The agents do not claim to be infallible — "the office market is susceptible to a wide variety of influences which pave the path of prophecy with many obstacles."

So Lambert Smith also provides its clients with a number of points to watch.

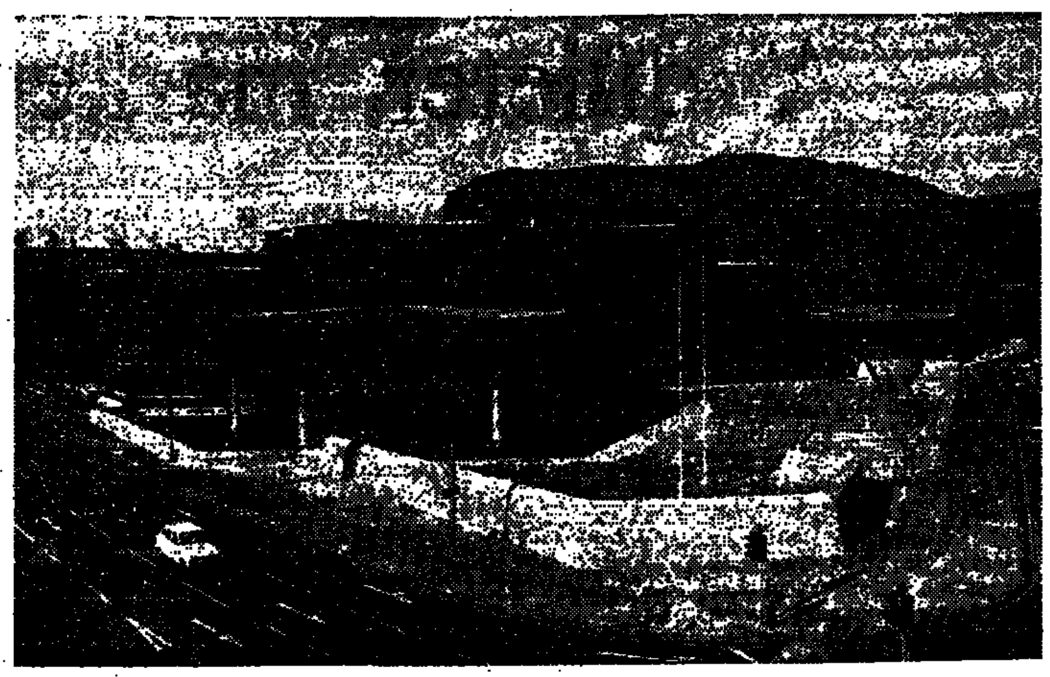
It predicts substantial increases in construction costs soon and, as a result, upward pressure on rents if development is to remain viable.

The agents see a continued trend to smaller refurbishment (rather than developments) through increasing cost restraints and conservation lobbies; allied to that would be a further move to smaller business units encouraged by improvement in office technology.

There is also the possibility of the big user, or developer, affecting the market (as noted elsewhere on this page with the BNOC development at St Vincent Street). The word in Glasgow recently was that the Ministry of Defence was pulling out of plans for new offices at St Enoch Square and thinking of the Anderston area instead.

Finally, Lambert Smith also note the possibility that the District Council and Standard Life Assurance Company may develop the Buchanan Street/Port Dundas area with a "significant" office element.

WILLIAM COCHRANE



Aberdeen is seen by some as Scotland's prime area for development.— Above: The Scottish Widows Insurance building in Aberdeen

More attention from institutional investors

Edinburgh's famous Princes Street may be suffering from rent inflation—more than £100 a sq ft has been paid

SCOTLAND

WILLIAM COCHRANE

TO MENTION Scotland sharpens southern perceptions of the industrial recession. The value of total domestic output in Scotland is now less than a quarter of that in South East England.

But, as elsewhere, investment property operates alongside the industrial economy, rather than as a part of it. North Sea oil is a more direct source of wealth than it is in other parts of the UK. Partly for that reason Scottish property has actually become more popular with English investing institutions in recent years.

"Scotland is now treated as a bona fide part of the UK property investment market," says Ted Webster of Richard Ellis in Glasgow. "Five years ago many of the institutions didn't consider it appropriate."

Their ideas, says Webster, were dated. Rental growth had been good if normal investment criteria were applied. And such was the pace of institutional growth in UK property investment that they could no longer afford to ignore Scotland. The Scottish institutions, of course, had been in there for a long time.

In general, Scotland does not have the spread or depth of the English property market. Only in shopping, and that only on prime pitches, is there some comparison, says Ted Webster, with yields of 5 per cent or below in Perth, Dumfries and Kircaldy.

Prime yields in the rest of Scotland are much as they are in England: 4¼ per cent for offices, 3¾ per cent for shops and 6¾ per cent for warehouses. Prime locations are Glasgow, Edinburgh and Aberdeen with warehouses spreading into adjoining motorway junctions in the central belt of Scotland.

Debate

"There are mixed views about Aberdeen," says Allan Thomson, who heads the Jones Lang Wootton operation in Glasgow. "I can remember rents of five shillings a foot for offices there, right in the centre of the town."

The debate centres on the life of the North Sea fields, and what might happen to Aberdeen after they run out. An indication that some investment managers with potential pension fund liabilities 40 years ahead are trying to look beyond the next 20 years.

Mr Thomson, however, is more concerned about Glasgow offices and the development aspects of that market. There has been a shortage of supply. According to JLW's figures only two new schemes, providing a total of 68,000 sq ft, came on to the market in 1980.

Both of these were pre-let, not surprisingly given the annual take up of Glasgow office space estimated in the 200,000 to 300,000 sq ft area. During 1981 the figure of expected completions is 282,000 sq ft, with more than 100,000 sq ft pre-let. A further 90,000 sq ft has reached an advanced stage of negotiation.

"If, as anticipated, this letting goes through," says JLW in a June report on the Glasgow office sector, "it will mean that the only entire office block ready for immediate occupation is James Sellars House, LPT Pension Funds' 32,000 sq ft rebuild behind an existing facade at 140 West George Street."

There will also be the balance of 50,000 sq ft in CIN Properties' 105,683 sq ft scheme in George Square, while about 40,000 sq ft remains in the Savoy Tower in Sauchiehall Street. But developers, says Mr Thomson, are beginning to react to the economics of supply.

"Coupled with the rundown in new development there has been a considerable increase in the acquisition of sites for development."

Allan Thomson can list seven sites under offer or acquired in the centre of Glasgow. Concerns like Bovis, Wimpey, DCI and — most importantly — the British National Oil Corporation, are involved. Excluding the BNOC site, six of the seven could produce about 340,000 sq ft of new space before 1985.

On their own these would only ease the supply problem. However, what many observers have missed is the past take up of space, and the potential supply of it from BNOC.

JLW rates BNOC as "the biggest single boost to Glasgow's property market" during the past few years. "Since the Corporation's arrival in the city four and a half years ago it has taken over seven office blocks to provide 270,000 sq ft of space and is still pursuing a vigorous programme of growth."

BNOC is planning the development of a major headquarters complex at the west end of St Vincent Street. It could provide 400,000 to 500,000 sq ft of offices in a phased development to come on stream during 1985.

Contribution

"When this happens the Corporation will presumably vacate the accommodation presently occupied and this will make a substantial contribution to the availability of space in the middle 1980s," says JLW.

Glasgow is apparently more broadly based than Edinburgh in terms of potential supply and demand. Ted Webster of Richard Ellis reckons there is about ½m sq ft of office space available in the capital city where developers took a bet on devolution, a Scottish National Assembly, armies of civil servants—and lost out.

"Curiously this does not seem to have affected institutional demand." Yields, says Webster, are at the same level as in Glasgow.

Put the ideas of JLW and Ellis together, and you come up with an explanation. Mr Thomson says that, unlike Glasgow where prime offices congregate in a tightly knit area, new developments in Edinburgh have been forced out of the centre because of planning restrictions.

In general terms, Mr Webster says the definition of a prime property investment has become much more particular. "Where previously seven shops in a street may have been regarded as prime, now we may be down to the middle three." This means, he says, that some yields may be down from 3¾ to 3¼ per cent. More yields, however, will be up from 3¾ to 4¼ per cent.

The same applies to offices but by their nature they are more hard to determine. Perhaps the nature of offices, or at least their location, is easier to determine in the more dispersed Edinburgh market.

Of course Edinburgh still has shopping, and Princes Street in particular. Princes Street may be suffering from rent inflation—more than £100 a sq ft has been paid—and Ian Marshall of Bernard Thorpe in Edinburgh, noted in the Investors Chronicle that up to 15 separate units were on the market, some publicly, some privately.

Viewpoint

But Mr Thomson still likes the location. "Given the trend towards enclosed, air-conditioned, traffic-free shopping malls here you have a street a mile long, open on one side—pavement bordering Princes Street Gardens—traffic flowing in both direction—yet it is still the prime shopping location in the country."

Whatever the arguments about duration, Mr Webster of Ellis sees Aberdeen as the Mecca of developers at the moment. West End refurbishments, he says, have reached £7 a sq ft on a net accommodation basis (JLW's current peak for Glasgow is £5.75); then there is Chapel Street and Huntley Street, just off Union Street which is the prime shopping street in Aberdeen. New developments of 15,000 to 30,000 sq ft with a modern layout have reached up to £6 a sq ft in this area.

A quieter market in recent months

CITY OF LONDON

TERRY GARRETT

THE CITY is riding out the the recession with a style that makes the crash of the mid-1970s seem a nightmare that could never possibly be repeated. That said, however, the commercial property market in the City has become a quieter place over the last few months. Some agents attribute this slackening of pace to a shortage of the right property rather than any reduction in demand.

Equally, others feel that there are definite signs that fewer firms are seriously looking for space. The City office agents *Bernard Thorpe and* Partners summed up the feeling with the comment: "We are not making a lot of money. The larger agents seem to be active, but we are chasing around after the same people and only occasionally a deal gets closed."

The key to the market is obviously the demand-supply equation. The inner core inevitably suffers from a shortage of the right space. Demand from banks, both domestic and foreign based, sets the pattern in the capital's heart. Once the banks *are willing to pay a* rental level, that is the benchmark for the rest of the market.

The banks, even more than the insurance companies, are very conscious of location. For example, the asking rent on ground floor space in the centre with "views" of the Bank of England is close to £40 a sq ft. That is a very long way above the normal £24-£25 a sq ft figures quoted for prime floor space in the City, but a site so close to the heart of London's banking area makes pure rental cost considerations almost a minor consideration.

Pressure

Broadly, the banking area is enclosed within the boundaries of London Wall and Cannon Street in the north and south, King Street in the east and St Mary Axe in the west. The sheer pressure for accommodation within this area has inevitably pushed some banks beyond this tight-knit community. Continental Illinois, for example, took itself westward to move into the old Times building, near Blackfriars station.

Apart from the natural physical expansion by the *domestic banks the* influx of overseas banking houses has created a continuous queue for suitable accommodation—"they line up in their tens," according to one agent.

A survey published by Noel Alexander Associates, part of Noel Alexander and Partners, a property and banking consultancy business, underlines this expansion by the foreign bankers. In 1980 there was a net addition of nearly 30 foreign banks in London taking the number up to 383. Ten years ago there were only 158 on the list.

These figures give some idea of the expansion of the London banking community, though they do not reveal the increase in actual size of some of these banking offices over the same period. Undoubtedly, many of the offices shown in the 1970 review have been substantially expanded and upgraded over the past decade, but of course this growth would not be shown as net additions.

Thus, the sheer pressure of demand from the banking and insurance communities should ensure that the inner core of the City continues to see a healthy property market without any danger of over-supply. Beyond the centre, however, it is not easy to feel quite so complacent.

The City office stock is generally put at around 40m sq ft. Substantial new development is coming along. It is estimated that the early 1980s will see, on average, 3m sq ft of new space on the market a year. During the current 12 months the figure is expected to be around 3½m sq ft. Within that agents Richard Ellis have calculated that over 2m sq ft will be accounted for by speculative office space which beats the previous peak registered in 1975.

On balance, the sums point to an over-supply this year of almost 1m sq ft. Within the context of the market it may not seem very much and, indeed, the over-supply is expected to be quickly absorbed beyond 1981. However, the major proportion of the new development taking place is outside the City's inner core—outside the area of strongest demand. For many tenants, locations beyond that central area are unacceptable and they would prefer to sit it out in existing outdated offices rather than move out of the prime area.

Inevitably, there has been some drift towards the outer reaches of the City which will continue. Perhaps one of the most obvious examples is the move eastwards by the insurance broking sector.

Until a few years ago the City came to a rather dramatic halt just past Fenchurch Street station. In the context of office development the area was pioneered by Trevor Burfield of agents Lander Burfield with Wingate handling the development and Bain Dawes, the insurance broker, as the tenant. The first development was started in 1976 and today there is a whole new centre. Only a couple of weeks ago there was news that Hogg Robinson was taking up new floorspace in the area.

Savings

While this expansion eastwards has taken place in the traditional "wilderness" of commercial development it is after all only a quarter of a mile from the insurance market of Lloyd's and little more than half a mile from the Bank and Stock Exchange. So, with the considerable rental savings available against the traditional insurance broking belt a couple of hundred yards down the road, it is hardly surprising that the large broking firms were tempted into this new region.

The lower level of activity that has settled over the commercial market leaves a rather dull outlook for rental growth. In 1980, rents increased by around 10 per cent on average—in the inner core the figure was higher—compared with 16 per cent in 1979. This year rental growth may again lag behind inflation. With tenants in a stronger bargaining position rents this year might increase by only 5 to 10 per cent on average.

Nevertheless, investment demand for top quality developments shows little sign of weakening. Investment yields of around 4½ per cent and capital values are being sustained by long-term confidence in the London office market beyond the market's immediate sluggishness. Whether or not 1985 will actually see the much-talked-about Richard Ellis forecast of £45 a sq ft rent level, if you are going to invest in the office property market, London is the place to do it.

This approximate guide to office rental values is based on rents in 323 locations throughout Britain in January this year and refers to modern offices with good specification

Analysts take a cautious view of prospects

THE WEST END

TERRY GARRETT

THE COMMERCIAL property market in the West End of London is far more fragmented and diverse than its City counterpart. The West End offers everything from the most modern air-conditioned buildings to period pieces which may be easy on the eye but hard on the pocket.

It is also a market where the tenant profile is much harder to define. For this reason some analysts take a more cautious view of prospects than they do for the inner core of the City, where they can content themselves in the sound knowledge that demand for space by the financial institutions shows no signs of abating.

The recent Weatherall Green and Smith property report casts a cautious note over the West End market: "The traditional differential between City and West End rents seems to have virtually disappeared and we do not have the same confidence as to the increase in West End rents over the next five years. We suggest that an investor purchasing at the high level of West End rents should at least seek some yield advantage above prime rate but doubt that it may be available."

However, John Brown, Weatherall's partner with specific responsibility for the West End office market is less unhappy about the market than his investment department colleagues. He says he feels "quite sanguine" about the current levels of demand, future supply and the ability of rents to hold firm.

Perhaps the one major exception to his confidence is the period building market. Demand for these older buildings always made them a sound investment proposal. Yet in recent years demand has waned and with the onset of the recession this trend accelerated to the point where demand is now totally flat.

Requirement

Their size and composition—space may only be 5,000 sq ft spread over half a dozen floors—has made them far from ideal propositions for many tenants. Some properties seem to be sticking even though asking rents are not dear by the standard of the overall market.

Mr Tony Salata of agents *Leighton Goldhill* describes the changing requirements of many tenants: "The tenant who comes to us very much has his eye on the future and the possibility that in 10 years time he will want to reduce his administrative requirements in London. He therefore wants a building with the flexibility of service and plan that allows him to sublet in the future."

Older buildings aside, demand, while not good, is there for really prime space. A fair amount of activity is being recorded in accommodation ranging from 1,000 sq ft to 6,000 sq ft. For particularly good sites there is also a solid take-up of space in the 19,000 sq ft to 35,000 sq ft bracket—but tenants are being more selective.

There is not much business around in the big office market. The last letting of a property over 100,000 sq ft was probably a year ago when IBM took the former 3M building in Wigmore Street. The last letting of any major size was Norfolk House in St James's Square, where 72,000 sq ft of space went last November.

So question marks will remain over the West End. Still, there are some industries that the property sector has come to rely on for a steady take-up of space. The petrochemical companies may not be without their problems at the moment—as evidenced by the mammoth British Petroleum rights issue — but the oil and oil-related companies are nevertheless expected to continued to be reasonably active in the lettings market.

Electronics and other high technology groups are weathering the recession far better than traditional British industries. These companies, however, are tending to drift further westward along the Thames Valley, heading out towards Heathrow.

Apart *from top locations* the banks generally are less interested in West End space. Indeed some of the foreign-based banks are tending to drift out of the West End to concentrate their efforts in the Square Mile.

Multinationals are plainly in evidence, using London as a base for their European operations. The former Tube Investments London headquarters, Bridgewater House near St. James's, a Grade 1 listed building standing in an acre of land with nearly 30,000 sq ft of office space, has recently been sold to an overseas group for £10m. But like the electronics companies some of the multinationals are viewing the possibilities further westwards.

Finally there is the myriad of service sectors ranging from the glamorous advertising agencies to the more staid accounting profession.

Obviously these industries and professions are living through the recession in different states of health. Some will not be around when the good times return. A fair number of UK. companies have already reduced their London office accommodation or cut it out altogether. With this sort of background the West End office market is not going to get through unscathed. The dull background is already showing through in rental levels.

Rents have hardly moved since the beginning of the year. When Norfolk House was let at £20 a sq ft last November it firmly established a figure which until then had really only been talked about rather than tested to any depth. For small prime sites higher figures have been seen—£23 on Calder House in Piccadilly and £22 on the former Bankers Trust building in Grosvenor Square last January.

Nothing has happened since then, and according to Mr Tony Salata: "You cannot expect to see any real growth in West End rents till the autumn of 1982." Still, if office rents at least hold steady that is more than can be said for the shop market.

Tourist levels are down, consumer spending is under pressure and interest rates are still pretty high. The West End retail market is not a happy place according to agents Edward Erdman and Partners. To make matters worse suburban shopping centres are proving increasingly successful in taking shoppers away from the capital.

The only real gleam of light in the gloom, according to Erdmans, is the increase of small chains and specialist retailers. There is also some evidence of wholesalers and manufacturers opening up their own retail outlets.

The agents are hoping that the downward trend has bottomed out but until there is evidence of a definite upswing in retailers' fortunes there does not seem much to put a brake on the slide.

A journalist's reflections on output, jobs, prices and money

How to End the 'Monetarist' Controversy

The following are the opening and concluding sections of a Hobart Paper* published today in which Samuel Brittan lays out the framework of thinking which underlies his Economic Viewpoint articles.

A sense of frustration

This above all: to thine own self be true,
And it must follow, as the night the day,
Thou canst not then be false to any man.
(Hamlet, Act 1, Scene 3)

The letter killeth, but the spirit giveth life.
(The Second Epistle of St Paul to the Corinthians)

THIS *Hobart Paper* arises out of a sense of frustration with the way in which economic *policy is commonly discussed.* The forces affecting output, jobs, prices and money in the aggregate are the traditional subject-matter of what is known as macro-economics.

Unfortunately, public discussion of these questions has been bedevilled by the political symbolism acquired by that accursed word "monetarism" and by the professional difficulty economists (like all other specialists) experience in distinguishing the wood from *the trees. The campaign of* vilification has been so successful that many educated citizens believe the principal tenet of "monetarism" to be support for Latin American dictatorships employing torture. Those of a more charitable disposition suppose it to be a label for hardships deliberately imposed on peoples by governments to punish them for laziness or poor productivity.

Even if we ignore political polemics and concentrate on the narrow economic debate, we come across a minefield of terms which are either ambiguous or do not mean what they seem to mean. Not only "monetarism" but many other expressions such as "incomes policy," "natural rate of unemployment," "deflation," "growth," and "demand management" come into this category.

Nor has understanding been *helped by official explanations* of economic policy. Questions of broad principle, about which every interested citizen has a right to be informed, have been hopelessly mixed up with highly technical questions of strictly specialist interests.

A lot has been said by both Labour and Conservative administrations in Britain, by the U.S. Federal Reserve and by heads of government at summit meetings, about the need to limit public sector borrowing and monetary expansion. But very little has been said to explain why these limitations are necessary. At times it has even looked as if the choice of a particular wing of a particular political party to support has depended on the quirks of monthly figures understood only by a handful of experts in banking theory, if by them.

This is, of course, absurd. The key issues do not lie in banking technicalities. The subject crying out for explanation is the counter-revolution which *has* dethroned post-war full employment policies. Until the late 1960s, "500,000 unemployed" was a crisis level in the UK leading to policy reversals and the sacking of Cabinet Ministers. In the early 1970s, the alarm bells rang at 1m; in the late 1970s, at 1.5m. In the early 1980s, the burning question is whether unemployment can be held below the 3m mark.

THE 10 MAIN POINTS

1. The biggest contribution financial policy can make to both high employment and low inflation is to keep total spending ("Money GDP") on a steady path without drastic leaps or falls.
2. Focusing on Money GDP as the ultimate target renders the precise definition of "money" a secondary issue and is easier for people to understand than the bewildering variety of money and credit measures.
3. It provides a bridge between Friedmanites and Keynesians in retaining management of monetary demand without attempting to guarantee real demand irrespective of the wage and price levels sought by producer groups.
4. For Friedmanites, who wish to control the money supply only because they believe it bears a roughly stable relation to Money GDP, it involves a shift of horizon from the intermediate to the final objective.
5. The technical difficulties of controlling money supply, though often underrated by monetarists, do not explain more than a tiny fraction of post-war inflation.
6. The division of an increase in Money GDP between extra output and rising prices cannot be influenced directly by financial policy; governments cannot spend their way to target levels of output and employment.
7. There is an underlying rate of unemployment which is the lowest sustainable for any period of time; attempting to reduce it by boosting expenditure will produce accelerating inflation inevitably followed by even more job destruction.
8. *If the minimum rate of unemployment consistent with* stable inflation is high, the remedy lies in structural reform of badly-functioning markets for labour, capital, housing and other resources.
9. The demand for labour depends not merely on the average level of real wages; unemployment will result if relative wages for different skills, occupations, industries and areas are not at market-clearing levels.
10. On the supply side, unemployment is influenced by the cost of being out of work, which is determined by factors like benefit levels, work expenses, tax thresholds, and opportunities for "unofficial work."

The 1981 Budget aimed, rightly or wrongly, to increase tax revenue by £4bn (compared with what would have been raised if thresholds and specific duties had been adjusted for inflation but no other changes made). Yet traditional post-war criteria would have suggested a need to do just the opposite and inject into the British economy spending power of at least £20bn that year: say, to reduce taxes by £10bn and raise government spending by the same amount. *Nothing remotely like this was* on the cards, either through policy changes by the Government in office or through the actions of any likely successors.

No economic school has explained satisfactorily the steep trend rise in unemployment. The counter-revolutionaries can explain something more modest—an explanation given *long before the event* of why post-war attempts by governments to spend their way into target levels of employment would eventually fail and why therefore such policies would be useless for dealing with present problems . . .

A counter-revolution is not the same as mere reaction. A genuine counter-revolution should absorb the best elements of the revolution it is replacing; or, to change the metaphor, should keep the baby while emptying out the bathwater. This *Paper* attempts to apply *this injunction to the ideas of* "demand management" associated with Lord Keynes.

My own view is that the most important and valuable doctrines of Keynes are almost identical with the most important and valuable doctrines of Friedman. This *Paper* seeks to highlight this identity in terms of a simple objective of policy which will enable governments to achieve what can be achieved by central financial policy to prevent avoidable unemployment and depression as well as runaway inflation . . .

A final word

IF IT is true, a doctrine which denies the ability of post-war demand management to achieve chosen levels of full employment is equally true for a Clause Four socialist, a social democrat, a Conservative "wet" and a laissez-faire enthusiast. If untrue, it is untrue for all. The same applies to the relationship between the quantity of spending power and the price level.

Although, today, purely political exponents of the counter-revolution tend to be on the right, economic exponents are scattered along the spectrum. They can and do disagree on income redistribution, government spending, or the rôle of union power in high un*employment. They would agree,* however, that spending our way to target employment levels through monetary and fiscal expansion is not an option and, if followed, would lead to runaway inflation and yet more unemployment at some later date.

Cause-and-effect relationships are not themselves political. But it is only candid to point out that they can have political implications. If certain theories are true, some types of policy become impossible to pursue successfully—at least without making radical changes in the environment. There is nothing objective, impartial, academic or non-partisan in refusing to discuss such implications.

Marxists could legitimately point out that there is an uneasy resemblance between Friedman's "natural rate of unemployment" (my CIR or MIR) and Marx's reserve army of the *unemployed. Where the Marxists* go wrong is in believing that the mere transfer of ownership could abolish this army without also removing valuable properties of the existing system, such as personal choice of job, consumer freedom to spend where he or she wishes, freedom to organise collectively, and an adequate social security minimum.

The response of many Keynesians to the intellectual crisis is to say that conventional demand management would still work if only it was combined with wage and price controls, or import controls, or state industrial intervention, or all these things together. It has thus become a totally different *system to which* Keynesians of the original variety need owe no allegiance whatever. Indeed, the counter-revolutionaries who want to tackle inflation from the demand side are closer to the original Keynesian spirit than those who use the label—even though they want to manage monetary rather than real demand and aim, as Keynes himself did in the 1920s, at stable or very gently rising prices rather than at specific employment objectives.

A strategy for full employment in today's circumstances has to concentrate heavily on matters such as education, apprenticeship, regional policy, the work of official job placement centres, the detail of work contracts and *pension* arrangements, as well as temporary palliatives and many other matters which cannot be squeezed into the tail-end of a work on demand management. Such management can provide only a framework which would help avoid the worst instabilities. When the post of Chief Economic Adviser to the Government is located at the Department of Employment (which used to be called the Ministry of Labour and is the Department concerned directly with many of the matters discussed above) and when the best economic brains in the private sector are no longer employed in forecasting small movements in gilt-edged prices arising from the inconsistencies of *monetary policy* but are working in industry or the non-financial services sector, then we will know that the British economic miracle has arrived.

* How to End the "Monetarist" Controversy: A Journalist's Reflections on Output, Jobs, Prices and Money. By Samuel Brittan. Hobart Paper 90; Institute of Economic Affairs (IEA), 2, Lord North Street, London SW1P 3LB. £2.50

Letters to the Editor

Power struggle at Lloyd's

From Mr N. Dangoor

Sir,—The Parliamentary Select Committee examining the Lloyd's Bill has certainly put the cat among the pigeons by its "divorce" requirement and the fate of the Bill is now anybody's guess. In order to decide how to vote at Lloyd's ballot on July 17 it is necessary to know the *facts* and figures. On divestment, how much of Lloyd's premium *income derives from syn*dicates of broker controlled managing agencies and how much from non-broker controlled managing agencies. The figures given in the Fisher Report are based on a muddled definition of "control."

On "divorce," how much of the market's capacity is subscribed directly with managing agents? Lloyd's are unable to give me this information but my estimate is that it does not exceed 20 per cent. I believe that precise figures on both issues should be made available to all members and to Parliament.

Having attended all the hearings of the Select Committee I was impressed and gratified by the attention that Mr Michael Meacher and his colleagues gave to all aspects of the petition. I was, however, surprised and disappointed by their decision which was rumoured in the corridor of Room 5 the day before. I found it arbitrary and quite unrelated to the trend of the evidence. The scope of divestment was unnecessarily broadened, the immunity clause was left in, despite Sir Graham Page's undertaking at the second reading to take it out, and the petition against classification was rejected out of hand. In fact, clause 3 (3) of the filled-in Bill will now allow the working names to increase their council seats from 16 to 22!

This patched-up Bill now seems to offend more and more people and please no one. As such it does not deserve to reach the statute book. It is very likely that new petitions will be made against it from all sides both to the Commons and to the Lords. It would save everybody's time and effort to scrap it and start afresh.

Legislation of such importance, intended to last for many decades, should have been discussed privately among members and the important *clauses* voted on separately. Instead, it was rammed through at the Albert Hall on a take-it-or-leave-it basis. What was not discussed in private had to be aired and debated in public, in the Press, and in Parliament with all the adverse publicity this has attracted.

All matters of self-regulation, which was the purpose of the Bill, such as divestment, immunity and fraud, could have been properly dealt with by a representative, democratically elected council as the need arose. The Fisher report found general meetings too unrepresentative of the membership and too cumbersome a venue to make bye-laws. It follows *that the recommended council* should reflect the composition of Lloyd's membership: 20 per cent working members and 80 per cent external members. Instead, the seven-strong Fisher party which included four Lloyd's working members and not one external member, devised, but only by a majority decision, a system of apartheid that gave working members permanent control of the council and hence of Lloyd's. Thus the Lloyd's Bill appears to an increasing number of people as a conspiracy, in the guise of Fisher, to disenfranchise the 16,000 external members and eventually deprive them of the ownership of their business and reduce them to chattels. Such policy cannot be in the long term interests of Lloyd's as, stripped of their vote, the external members, who carry 90 per cent of the risk with unlimited liability, would gradually walk out of such an inequitable partnership.

It is interesting to note that the register of working members increased by 500 since last year to include anyone even remotely connected with the market and range them against the helpless external members. Why should agents be made to vote and sit in a different class to the external names and not on the side of their members?

At a round table meeting in March held to find a compromise between the promoters of the Bill and its critics, it was found that all objections to the Bill emanated from the composition of the council. The inflexible attitude of the promoters on this point betrays its real significance.

The Fisher report criticises external names for not taking part in elections and portrays giving them a *few seats on the council as a concession.* But external names were never invited to attend general meetings to elect the committee. I was recently astonished to find that external members were not *going to be notified of the two* general meetings called to authorise postal ballots. The Association of External Members considered doing the job but it did not have the 16,000 addresses. After receiving complaints, the committee decided to send out notices to everyone. *Regardless of what the bye-laws say* on this point, it should be a matter of common courtesy to notify the members, as no general meeting can really be valid if held without the knowledge of the great majority of the membership. It is to be hoped that members will in future receive appropriate notices of all intended gatherings.

If we can end up having a popularly elected council composed of, say, 16 working *members* and *eight external* members, all elected by one electorate, the other problems would fade into insignificance. This is perhaps the minimum requirement for any bill to go through.

N. E. Dangoor.
25 Albert Hall Mansions,
Kensington Gore, SW7.

Many hands make work

From Mr R. Newton

Sir,—With reference to the recent riots in Toxteth, Liverpool, how can "unemployment be partially to blame" (Mr Hattersley) when "a large pro*portion of the rioters are of 11,* 12 and 13 years of age" (Mr Whitelaw)? And surely the lack of adequate housing in the inner-city areas is due mainly to the unwillingness of Britons to move house to areas where they might have more chance of a job, even in these hard times?

Not to worry though, since the bored youths in Toxteth may not now be unemployed — they have the opportunity to rebuild the damage.

R. P. Newton,
Yosemite, Dunmow Road,
Gt. Bardfield,
Braintree, Essex.

Long felt unwanted

From Mr R. Ford

Sir,—In contrast to Mr David *Walker's "all-pervasive apostrophe"* (Lombard, July 8) could I put in a plea for more hyphens?

In technical writing in particular the presence or absence of a hyphen can *produce entirely different meanings.* For example, "cooling water" and "cooling-water." The former is actually getting cooler while the latter is being used for cooling and is thus getting hotter. Anti-pedants will, of course, claim that which meaning is intended for cooling water is obvious from the context. So it is, but I regularly come across technical descriptions where a well-placed hyphen would have saved much head scratching and even the occasional phone call to find out what the author meant to say.

More hyphens would meet a long-felt want (not to be confused with a long felt want which sounds like an obscure *piece of equipment in the hat-making industry).*

Roger Ford.
8 Russellcroft Road,
Welwyn Garden City,
Herts.

Anticipating trouble

From Mr F. Salinger

Sir,—I write in full support of Mr David Walker's suggestion in the Lombard column (July 8) of a Campaign for Real English (CARE).

I suggest that, if such an organisation were to be established, its first task would be to discourage chairmen of companies *from the use of the word* "anticipate" when they mean "expect." For, if the two words become synonymous, what word can we use in English to mean anticipate?

F. R. Salinger.
Anglo Factoring Services,
44-46, Old Steine,
Brighton,
Sussex.

BBC VHF radio plans

From the Chairman,
Mobile Radio Users' Association

Sir,—The statement by Mr Aubrey Singer of the BBC (July 9) concerning the intention of the Home Office to move *yet again the public and private* mobile radio services out of 97.6 MHz to 108 MHz band, requires comment.

The mobile radio services provide essential communications for the vital needs of our commerce and industry; safety of life and property; reduction of waste of scarce fuel; and increased efficiency of administration and industry.

All national and international studies have confirmed the increasing importance of mobile radio communications, which have been growing at over 12 per cent per annum over the last 20 years.

The Home Office radio regulatory department (RRD) has to be held responsible for this situation, as when the band was allocated the users and manufacturers pointed out the danger of allocating a band not in service in any country in the world for mobile radio, but intensively used for broadcasting in other countries. Having created the mess the RRD has done nothing to extricate the users and offer them alternative frequencies.

It is totally in the control of the RRD to re-allocate or share the no longer used VHF 405 line TV frequencies, an obvious trade off could have been arranged and still can be. The closure of 405 line network would save *the BBC substantial* money which could be better employed financing the axed foreign services.

W. K. Stevenson.
P.O. Box 15,
London SW1.

The actuaries revenge

From Mr P. Thornton.

Sir,—Now that index-linked gilts have had a second trial in the market place, it may be judged who was right about the price a pension fund should pay for them.

Men and Matters (March 30) reported with glee that the Bank of England had put "the actuaries" (who had dared to suggest tenders as low as £85 per cent to their clients), "diplomatically in their place." Cheques for tenders at less than par were not even cleared, it would seem.

As the second issue was sold at £86 per cent giving a real return of almost 3 per cent, it is to be presumed that the Bank of England has now been put in its place, and the actuaries restored to their former glory.

Long may this continue!

P. N. Thornton.
Watson House,
London Road,
Reigate, Surrey.

Swings and roundabouts

From Mr. N. Ryan

Sir,—Musing on the pension funds' attitude of no-enthusiasm for the latest index-linked gilt, Lex (July 9) raised an eyebrow at the fund managers' presumed confidence in their ability to achieve a real return of at least 3 per cent over actuarially short periods.

Perhaps this phenomenon is short term even within the time horizons of ordinary mortals, and reflects an obscure by-product of industrial action by the civil service.

In common no doubt with *many funds,* we are currently prevented from paying to various Government agencies sums which we owe them in respect, mainly, of those early leavers who take contribution refunds. The Government, short of cash, borrows *from us its own* money, incidentally driving up interest rates on all our other short deposits in the money market. Long may Mr. Kendall keep it up!

N. A. Ryan.
University of London,
Senate House,
Malet Street, WC1.

Today's Events

GENERAL

UK: One-day strike by gas workers over Government's order to British Gas Corporation to sell off showrooms.

Statement by Association of Metropolitan Authorities on national economy.

Department of Industry announcement on Teletext.

Overseas: Two-day meeting of EEC Foreign Ministers opens, Brussels.

United Nations conference on Kampuchea opens.

Multifibre Arrangement (MFA) renewal talks begin, Geneva.

Discussions begin on abrogation of treaty between U.S. and India on enriched uranium supplies for the Trombay nuclear power station in Maharashtra state.

Special council of 15 Cardinals begin two-day meeting in Rome with representatives of the Vatican's civil service to examine financial problems of the Holy See.

Milan Stock Exchange reopens.

PARLIAMENTARY BUSINESS

House of Commons: Deep Sea Mining (Temporary Provisions) Bill (Lords), remaining stages. Wildlife and Countryside Bill (Lords), remaining stages.

House of Lords: Trustee Savings Bank Bill, committee. New Towns Bill, committee. British Nationality Bill, committee. Meat and Livestock Commission Levy (Variation) Scheme Confirmation Order. Pool Competitions Act 1971 Continuance Order.

OFFICIAL STATISTICS

Index of industrial production (May provisional).

COMPANY RESULTS

Final dividends: Associated British Engineering. Carclo Engineering Group. Grovebell Group. LRC International. Murray Northern Investment Trust. Peerless. Ratners (Jewellers). Sogomana Group. Western Board Mills. Interim dividends: A. Kershaw and Sons. Rank Organisation.

COMPANY MEETINGS

See Week's Financial Diary on Page 20.

UK COMPANY NEWS

● NEWS ANALYSIS—HANSON TRUST RAID ON BEREC

Caught out by the current of change

BY RICHARD LAMBERT

FOUR YEARS ago, Berec was valued on the stock market at about £140m—and this leading battery manufacturer could point to an impressive record of sustained profits growth.

At the beginning of this month, by contrast, its market value was well under £40m. And questions were being asked about its future direction even before Friday's announcement that Hanson Trust had snapped up nearly 15 per cent of its shares.

From a peak of £29m pre-tax in 1977, profits fell to £10.5m in the year just ended—way below the board's forecast last October. The final dividend was cut, and shareholders at last week's annual meeting were warned that profits would be down again in the first half of the current year.

Berec's problems go a long way beyond the familiar story of the UK recession. Over the years, it developed a strong and highly profitable position in the market for conventional zinc carbon batteries. Its Tanfield Lea complex in the North-East of England became one of the largest primary battery installations in the world, and economies of scale plus the weakness of sterling made it highly competitive. The group's capacity exceeded the requirements of the UK, and in the mid-1970s Berec was able to make substantial profits in export markets.

But beneath this apparent prosperity, the market place was changing. The UK was declining as a producer of battery powered consumer goods, and vast new markets—for electronic watches and calculators—were opening in other parts of the world.

A symbol of this shift was the decision in 1978 to change the group's name from Ever Ready Company to Berec, the name under which its products were sold in most of the world's markets apart from the UK, Eire and South Africa.

Even more fundamentally, technology was changing, with the development of mercuric and silver oxide batteries, and the introduction of alkaline manganese batteries.

Back in 1978, the Price Commission suggested that the group might have been inhibited in the development of new products by the thought of what they might do to its strong position in zinc carbon batteries.

With some perception, the Commission noted: "The company is in a transitional phase moving out of a relatively stable era . . . It is now having to face a more complex future situation where competition at home and internationally will be more severe than in the past, where several new technologies are developing, where the rates of technological change in both power uses and power sources are rapidly accelerating and as a result market conditions are becoming more dynamic. In short the company is moving from a situation where risk has been minimised to one where the reverse is likely to be the case."

Competition has certainly been increasing. For instance, Union Cabide has been mounting a determined attack on Germany, where the local manufacturer, Varta, has also adopted a more aggressive posture. Berec's share of this market had fallen from 32 to 20 per cent at one point. It now claims to have climbed back to 24 per cent, but the commissioning costs of alkaline manganese plant meant that Germany as a whole lost money last year.

Exporting has become harder, too, and not just because of the rise in sterling. In 1978, the then chairman noted: "It has not been our policy to litter the world with small manufacturing units in a host of countries like some of our international competitors."

But some countries prefer local manufacturers. Nigeria, which had been a very important export market, imposed import controls. Now Berec's business there is under attack from Union Carbide, which is developing a local presence, and by large volumes of illegal imports.

Its critics say that Berec could have reacted more quickly to these changes. It seems a rather inward looking company—there are no non-executive directors—and the Price Commission suggested that it had been inflexible in its attitude to changes in the market. Its very success with the conventional zinc carbon product may have made it complacent.

Mr C. G. Stapleton, the chairman and managing director, admits that the group was later in getting to grips with the new products than U.S. competitors like Union Carbide and Duracell. But, he points out, their market requirements had been much more sophisticated than Berec's at the time.

In any event, the group has been spending heavily on a new developments recently, with fixed asset spending totalling £51m over the last three years. The trouble is that this has coincided with a slump in profits in most of Berec's main markets apart from South Africa. Net operating cash flow totalled £30m over the three years, and it put £28m into working capital. Capital spending may be passing the peak, but meanwhile the debt burden has been growing rapidly.

So Hanson has chosen a crucial moment to intervene in the affairs of the company. Hanson director, Mr Martin Taylor, says his company was attracted by Berec's famous brand name, its important position in the world battery market, and the fact that it had products with a long term future. Hanson is keeping an open mind on its longer term objectives: meanwhile, the first meeting between the two camps may take place this week. There should be lots to talk about.

Royal Bank repeats support for Standard

Royal Bank of Scotland has reaffirmed its support for a merger with Standard Chartered Bank and its opposition to the bid from Hongkong and Shanghai Banking Corporation, after making its submissions on both to the Monopolies Commission on Friday.

Hongkong and Shanghai was not sterling based, and Royal could not expect to have "the same degree of influence" within it as it would within Standard Chartered. Moreover "the community of interest that exists with Standard Chartered does not exist with Hongkong and Shanghai, whatever assurance may be given in the circumstances now prevailing," the company said.

Sir Michael Herries, the Royal Bank's chairman, said that Standard Chartered fulfilled all the criteria Royal had laid down when it went seeking a partner, he said.

The partner had to have sufficient international strength to complement Royal's domestic weight; should be approved by the UK banking authorities; should agree to preserve Royal's autonomy to manage UK and especially Scottish business; and have the will to carry out an harmonious merger.

Standard Chartered had the same "centre of gravity" as Royal Bank, being UK based, said Mr John Burke, managing director of Royal. It had also agreed to preserve Royal's "entrenched major influence in the merger from the outset." A merger with Standard would provide a major fifth force in UK banking which would "rank high in the field of international banking."

By contrast, the company said, the takeover by Hongkong and Shanghai would simply make Royal "one more subsidiary among several world-wide of Hongkong and Shanghai."

Royal Bank also revealed that a merger with another major banking organisation had become an urgent priority by 1979.

The bank could have remained independent but development of a broadly based international business would have been a long and difficult process, it estimated. And "time was no longer" on its side.

The approaches from Lloyds Bank "were recognised as being detrimental to its interests, to those of its shareholders and of Scotland." At the same time they demonstrated the "desirability of selecting a suitable partner of the group's own choosing."

Bowring ship company sold for £9.5m

Marsh and McLennan, the major U.S. insurance broker, has sold Bowring Steamship to Drovebrook, a privately-owned UK company, for £9.5m.

This follows the U.S. group's takeover of C. T. Bowring, the British insurance broking concern. In 1979, the last year for which full figures are available before Bowring's absorption into Marsh and McLennan, the steamship company earned some £750,000 before tax.

Bowring Steamship operates three 30,000 deadweight ton bulk carriers and is a member of the London-based Atlantic Bulkers Consortium.

The fleet used to be larger but was allowed to run down when trading conditions in the shipping market became difficult in the 1970s.

Rolfe & Nolan outlines plans for expansion

Rolfe and Nolan Computer Services is likely to continue to expand its range of services both through internal development and acquisitions, Mr Malcolm Rolfe, chairman, tells shareholders in his first annual statement.

The company, which was formed to provide a computerised trading and accounting service to commodity brokers, came to the unlisted securities market in January and, as reported on June 4, turned in a pre-tax surplus of £155,000 (£160,000) for the year to February 28, marginally below the directors' forecast.

Because of a strong second-half performance, the dividend was 1.5p net, against a forecast of 1p.

Mr Rolfe believes commodity trading activities will be stimulated in the current year by the recent opening of the International Petroleum Exchange in London, the introduction of a gold contract to the London Metal Exchange, and the forthcoming Financial Futures Exchange.

He says the group will purchase a fifth computer in February 1982, until when present capacity will be sufficient.

Shareholders' funds at the balance date amounted to £570,000, up from £370,000. There were fixed assets of £444,000 (£369,000) and net current assets of £113,000 (£1,000): Current cost pre-tax profits were £143,000.

Meeting, Great Eastern Hotel, Liverpool Street, EC, August 4 at noon.

Recovery shown by Anglo Metropolitan

For the 17 months to March 31 1981 Anglo Metropolitan Holdings, formerly Bank and Commercial Holdings, achieved a profit of £104,378. This represented a recovery from the loss of £166,674 reported for the previous 12 months. Again no dividend is to be paid—none has been paid since 1973.

As known the company is currently subject of a bid from First Pennsylvania Mortgage Trust, for which a formal document has yet to be circulated.

There was a tax charge of £97,913 (nil) for the 17 months. The abnormally high charge arises in the accounts of Calgary and Edmonton Land Company, which is not offsettable against the group's relief except for two months after Calgary's stay of liquidation.

Net asset value of the group at March 31 was 92p (32p) after a deferred tax provision of £0.5m.

Information Technology grows

Information Technology, which includes Computer Technology among its operating companies, achieved record turnover and profits in the year to April 5, 1981.

Revenue was 18 per cent up at £8.7m, compared with £7.36m in the previous year, and pre-tax profits rose from £581,000 to £604,000.

Profits of operating subsidiary CTL almost doubled to £1.1m. This strong earnings performance minimised the impact on the ITL group earnings resulting from start-up investments of £500,000 in the office automation and communications subsidiaries, Office Technology and Network Technology. These two new operating companies will contribute to revenue in the current financial year.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—A. Kershaw, Rank Organisation.

Finals:—Associated British Engineering, Carclo Engineering, LRC International, Murray Northern Investment Trust, Peerless, Ratners (Jewellers), Sogomana, Western Board Mills.

FUTURE DATES

Interims:—

Commercial Union .... Aug 11
Dreamland Electric Appliances Aug 12
London and Lomond Invest. Tst July 15
Trade Indemnity .... Sept 1

Finals:—

Christie-Tyler .... July 15
Control Securities .... July 22
Daejan .... July 15
Howard Tenens Services .... July 24
Wheway Watson .... July 17
Wiggins Construct .... July 17

BROOKE TOOL COMPLETES TI MATRIX PURCHASE

Brooke Tool Engineering (Holdings) has completed the acquisition for £975,000 cash of the broach and broaching machine business of TI Matrix Tools, a wholly owned subsidiary of Tube Investments. The previously announced plans for the Coventry factory of TI Matrix Tools which makes hobs and diamond tools are not affected by this transaction.

The broaching division of TI Matrix Tools is one of the UK's leading manufacturers of broaches and broaching machines for use in the automotive, aerospace and general engineering industries. The business will continue to be based at the present factory at Ratby, Leicestershire, and will in future operate under the name of Cardinal Matrix Broaches.

The acquisition will extend the cutting tool activities at Brooke, whereas it is not in the main stream of TI interests.

Public Works Loan Board rates

Effective July 4

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
Up to 5	13¾	14	14¼	14½	14¾	14¾
Over 5, up to 10	14⅛	14⅞	14⅞	14⅞	15¼	15⅜
Over 10, up to 15	15	14⅞	14⅞	15⅛	15⅜	15⅜
Over 15, up to 25	14⅞	14⅞	14⅞	15⅜	15⅜	15⅜
Over 25	14⅞	14⅞	14⅞	15⅜	15⅜	15⅜

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

FT Share Information

The following securities have been added to the Share Information Service:

Austmark International (Section: Property). Business Computers (Industrials). First Charlotte Assets (Inv. Trusts). Honda Motor (Motors). Laing Props. 8¾% Con. Ln. Stk. (Property). Norsk Data A.S. (Electricals).

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Basildon (0268 22881)	13⅞	½-year	5,000	6-10
Knowsley (051-548 6555)	12½	½-year	1,000	1-3

SPAIN

1981 High	1981 Low		July 10 Price %
325	251	Banco Bilbao	325.0
360	280	Banco Central	360.0
355	229	Banco Exterior	355.0
301	239	Banco Hispano	301.0
128	120	Banco Ind. Cat.	121.0
380	284	Banco Santander	371.0
226	148	Banco Urquijo	228.0
352	263	Banco Vizcaya	352.0
252	204	Banco Zaragoza	238.0
220	82	Dragados	210.0
75	45	Espanola Zinc	55.0
70.5	55.5	Fecsa	67.7
54	22	Gal. Preciados	52.5
76.5	63.5	Hidrola	75.2
61.2	52	Iberduero	60.0
136.5	70	Petroleos	120.0
102	70	Petroliber	96.0
102	59	Sogefisa	59.0
85.2	60	Telefonica	78.7
72.7	60	Union Elect.	70.5

CORAL INDEX

Close 523-528 (+5)

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INTERNATIONAL CAPITAL MARKETS

CREDITS

BY PETER MONTAGNON

All eyes on the jumbo loans

THE EUROCREDIT market has been rudely awakened from its incipient summer torpor by a stream of jumbo loans for U.S. corporations which last week totalled no less than $14bn.

Among the borrowers—$5.5bn for Texaco, $3bn each for Du Pont and Conoco $2.5bn for Pennzoil—only Du Pont admits officially that it needs the funds to finance a takeover. Yet the current merger mania in Wall Street clearly gives each company a good reason to arrange access to billions of dollars.

Loans of this size inevitably involve the Euromarket, because no other market offers such a large pool of readily available liquid funds. Yet the transactions themselves are far from being typical Eurocredit deals.

The essence of facilities such as these is that they have to be arranged at high speed and with the utmost secrecy so that there is no place for a traditional broad syndication.

Instead, the borrower effectively pre-syndicates the loan itself by drawing on the credit of a select list of banks with whom it already has an established relationship. Each bank has to put up $100m or more, depending on the credit concerned.

Non-U.S. banks are generally reluctant to commit such large amounts of domestic dollars to a single borrower, preferring instead to use the Euromarket where their funding is altogether more secure.

It is thought to be this, rather than cost considerations, which prompted Texaco to tap the Euromarket for its $5.5bn credit even though London interbank offered rates have traditionally been cheaper than prime.

The margins on these credits compare with the very best available to the governments of the top-rated industrial countries when they borrow. Texaco and Du Pont are borrowing at prime for the first few years of their credit or at an alternative margin of only ⅜ per cent over Libor.

This, however, is a reflection more of the participating banks' need to cement their overall business relationships with the borrowers concerned than of any meaningful equation of the credits were none the less closely corporations with that of such countries as France or Sweden.

By comparison two other new credits mandated last week look like chicken feed. Brazil is raising $300m for its Itaipu hydroelectric project and Greece's Public Power Corporation is raising $220m. Both credits were none the less closely watched, for signs of easier conditions in the case of Brazil, and tougher terms for Greece.

Brazil has been pressing for a reduction of margins on its Eurocredits now that funds are flowing much more readily than was the case last year. In Itaipu's case, however, it has preferred to opt for a rare 10-year maturity (most Brazilian credits are a maximum of eight) rather than lower spreads.

Banks willing to lend for 10 years can opt for a margin of 2⅛ over prime or 2¼ over Libor, but there is also an eight-year tranche on which the margins are ⅛ per cent lower. The credit is led by a group of 11 banks including Morgan Guaranty, which will act as agent and Citicorp, which will run the books.

The Public Power Corporation loan is being co-ordinated by Chase Manhattan and bears a margin of 7-16ths over Libor for the first two years rising to ½ per cent for the following eight. Chase is also underwriting a $30m floating rate note due 1993 for the same borrower.

This credit thus appears to mark an end to Greece's aspirations to margins as low as ⅜ over Libor although the amount is somewhat higher than the $175m first mooted.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡†Vitro	75	1988/91	—	8φ	100	SBC Intnl.	8.160φ
‡†Tamsa	85	1989	8	9½φ	100	Merrill Lynch Bank of America, CSFB	9.726φ
‡**†Pemex	75	1988	7	5¼φ	100	SBC Intnl.	5.319φ
§Blue Ridge Pet. Corp. NV (g't'd AmRo Bk.)	25	1986	5	4	100	EBC	4.000
‡§Hazama-Gumi	30	1996	15	6	100	Daiwa, KIIC, Morgan Stanley, Dai-Ichi Kangyo	6.000
‡§Murata	40	1996	15	5½	100	Nomura Intnl.	5.500
§Northwest Intl. Fin.	50	1996	15	9	100	Goldman Sachs	9.203
§Dainippon Ink & Chemicals Inc.	40	1996	15	6	100	Yamaichi, CSFB, Paribas, Smith Barney	6.000
§Toyo Menka Kaisha	30	1996	15	6½	100	Nikko Secs.	6.500
†Midland Bank	75	1994	13	5¼φ	100	S. Montagu, EBC, CSFB, Dai-Ichi Kangyo Fuji Intnl.	5.319φ
§Texas Gen. Resources	15	1996	15	10½	100	Hill Samuel	10.500
†Citicorp O/S Fin. Corp. NV	150	1986	5	15	99	Morgan Stanley	15.300
SWISS FRANCS							
‡Copenhagen Reinsur.	20	1991	—	8	100	Handelsbank	8.000
‡World Bank	100	1991	—	7⅜	100	Credit Suisse	7.375
‡Belgelectric	100	1991	—	7¾	100	SBC	7.750
‡**§Dainippon Screen	60	1987	—	4⅜	100	SBC	4.375
‡**EIB	50	1987	—	7½	99½	UBS	7.607
‡**Shelda Chemie	50	1987	—	7⅜	100	SBC	7.375
‡**Daido Kogyo	30	1986	—	7½	100	UBS	7.500
‡**Nordic Invest. Bk.	15	1986	—	7½	100	SBC	7.500
SNCF	100	1991	—	7¼	100½	Soditic	7.214
†Light Servicos de Electricidade	20	1989/91	—	7¼φ	100	Gutzwiller Kurz Bungener	7.381φ
‡**§Toda Kogyo	40	1986	—	4⅜	100	SBC	4.375
**§Texas Gen. Resources	30	1988	—	7½	100	Bank von Ernst	7.500
‡**A/S Norcem	20	1985	—	8¼	100	Nordfinanz-Bank	8.250
‡**Ford Credit Canada	50	1986	—	8⅛	100	UBS	8.125
STERLING							
§Seiyu Stores	15	1996	15	7¼	100	Kleinwort Benson	7.250
‡Inco of Canada	25	2006	25	15½	98½	Morgan Grenfell	15.996
YEN							
Australia	15bn	1991	10	8½	100	Nomura Intnl.	8.500
‡**Swedish Export Credit Corp.	10bn	1993	8.85	8.7	100	IBJ	8.700
EUA							
I/S Elsam	20	1989	8	11½	*	Kredietbank	*

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. φ Minimum. § Convertible.
Note: Yields are calculated on AIBD basis.

INTERNATIONAL BONDS

BY FRANCIS GHILÈS

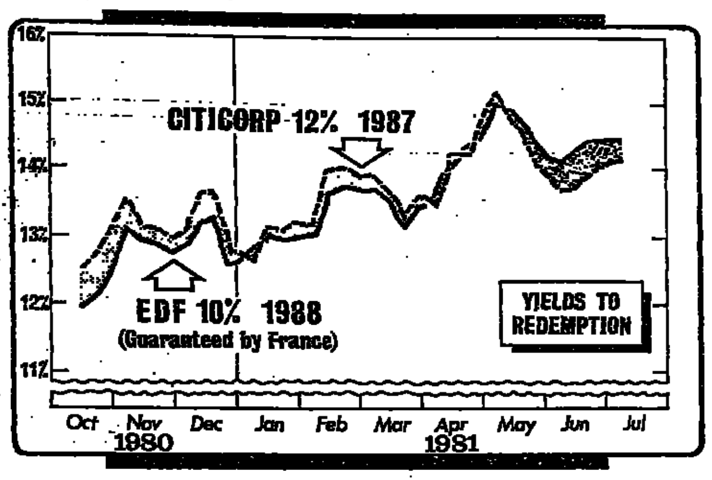
High U.S. rates depress morale

THE INTERNATIONAL bond markets have become demoralised. The hope held by dealers and investors that a decline in U.S. interest rates was just round the corner has proved unfounded and most of them are now bracing themselves for several months of high interest rates.

Several short lived rallies in the dollar bond market in the past two months have produced no more than a sense of fatigue. Many investors must be wondering whether it makes sense to bother with bonds as they look at the fixed interest dollar paper in their portfolio which yields, on average, around 14 per cent, at a time when six-month Euro-deposits offer a return of 17⅞ per cent and rates for overnight funds in the U.S. are well over 20 per cent.

Investor attitudes were well illustrated last week when Citicorp offered $150m worth of five-year notes on a coupon of 15 per cent (the amount was increased from an initial $100m). Because the yield offered on the new paper was more attractive than that available on most other outstanding issues for the same borrower, not to mention some other recent bank issues such as the 15 per cent Toronto Dominion Bank to 1984, investors swapped paper but committed virtually no new money to the issue.

The Citicorp issue and a $50m issue for Arizona Public Service to 1988 with a 16 per cent coupon, announced on Friday through CSFB, were the only straight dollar bonds brought to the market last week. The volume was in strong contrast to June, when most weeks saw a greater number of new fixed interest dollar issues.



Dealers are behaving very cautiously—possibly only because it is proving costly to finance their inventories, which are probably larger than many bond houses suspect. This is not simply because of the large volume of paper offered in recent weeks, but also because the consensus view that U.S. interest rates were heading down has tended to make dealers buy up more paper and increase the amount they are holding.

Trading in straight dollar bonds remained very thin last week, with the exception of some recent issues such as the new one for Citicorp and the 14⅞ per cent bond to 1986 for the World Bank. U.S. corporate names are however more expensive today than many other types of dollar bonds, because they are more keenly bid by Swiss investors who are constant, though low profile, buyers of dollar paper. Prices of straight bonds declined by ⅜ points, in line with the weakness in the New York market.

Two new convertibles were launched, one of them for a Japanese company, and the $40m convertible to 1996 for Murata was increased by $10m and had its coupon cut by ¼ per cent to 5½ per cent. Japanese names continue to be great market favourites and few bond dealers see any reason for a change on that front.

A $75m floating rate note for the Midland Bank was arranged, especially tailored for the Japanese market and trading in this sector remains more buoyant than in the fixed interest sector.

The announcement of a comprehensive and costly nationalisation programme appeared to have little effect on seasoned French bond issues, even those for companies which are included on the nationalisation list.

In its weekly telex to investors, Ross and Partners (Securities) concludes that France's triple A status as a borrower is not in danger "even if the Socialists do their worst." In particular, the firm notes that redemptions of outstanding U.S. dollar denominated French Eurobonds amount to $155m this year, $253m next year and $696m in 1983. In other words there is no immediate bulge of repayments.

D-mark and Swiss francs denominated foreign bond prices eased by ½ last week but the trading and new issue situation is very different in the two sectors. Trading in Germany is extremely thin, with no signs of any real investor interest and no new issues were launched.

In Switzerland trading in seasoned issues is not very active but the new issue market is thriving. Convertibles and private placements, particularly for Japanese borrowers, account for most of this activity and there is no sign of a let-up in investor demand. The minority cult for Swiss franc paper, which has been a feature of the Eurobond market since the beginning of June, continues.

U.S. BONDS

BY DAVID LASCELLES

Fed shows no sign of softening

WALL STREET spent last week poring over every scrap of evidence for signs that the Federal Reserve Board had eased its tough monetary stance at its secret policy-making meeting on Tuesday. But though there were some ups and downs in the Federal funds rate, the general consensus seemed to be that the Fed is holding fast.

The next best thing to an official seal of approval was placed on this view when Dr Henry Kauffman, the influential Salomon Brothers' economist, put out his weekly comment on credit on Friday night headed, "No change in policy apparent," in which he predicted that the Fed would not liberalise its money growth targets for the rest of 1981.

What the market did learn was that the Fed had tightened the screws hard in late spring and early summer. This emerged from the minutes of the previous meeting in May, released, as is the custom, after the latest meeting. They showed that the Fed cut back sharply its targets for money supply growth in the second quarter: the M1-B target was reduced from 5½ per cent to 3 per cent "or lower," and M2 from 10-10½ per cent to 6 per cent.

The release of the minutes put a dampener on the credit market in the closing moments of trading on Friday, snuffing out the small gains it made on the improved money supply figures: M1-A down $500m and M1-B down $1.3bn. This put the measures at or below the Fed's targets.

All this made for a jittery market. But the bottom line is that the sharply inverted yield curve remains little changed, and traders' carrying costs still far exceed the yield they receive on bonds. This triggered more distress selling and prevented prices from making any headway. It also discouraged many borrowers from coming to market.

Among the few that did, Philip Morris sold $400m of debt, including $250m of original issue discount debentures, carrying a coupon of only 6 per cent, but priced at 42 to yield 15.17 per cent to maturity in 2001.

U.S. INTEREST RATES

	Week to July 10	July 3
Fed funds wkly avge.	19.81	19.71
3-month Treas. Bill	15.22	14.38
3-month CD	18.25	17.65
30-year Treas. bond	13.47	13.43
AAA utility	15.63	15.38
AA industrial	15.00	14.88
Visible supply of corporate bonds ($bn)	7.10	7.70

Sources: Salomon Brothers and First Boston.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15½ 86 (WW)	55	98⅝	99⅛	0	−0⅛	15.46
Amoco 13¾ 88	75	93⅝	94⅛	0	−0⅜	14.72
CIBC 14½ 84	185	97⅜	97⅞	0	−0⅛	15.54
CIBC 15⅛ 86	75	99⅛	99⅝	0	−0⅛	15.43
CNA 15¼ 96	75	96⅞	97⅜	−0½	−0⅜	15.75
CNE 12⅝ 91	100	87¾	88¼	−0⅜	−0⅜	15.16
Citicorp O/S 12 87	200	88½	89	0	−1	14.84
Citicorp O/S 15½ 84	175	99⅞	100⅜	+0½	−0⅛	15.41
Dupont Canada 13½ 91	65	93⅛	93⅝	−0½	−1	14.79
EIB 12¾ 89	75	87¾	88¼	−0⅛	0	15.48
Eldorado 13¼ 86	50	92⅞	93⅜	0	−1	15.35
Elec. de France 13 88	125	91	91½	−0⅛	−0⅝	15.15
Export Dv. Cpn. 9½ 86	150	81½	82	−0⅜	−0⅜	15.34
Fed. Bs. D. 12⅝ 85 (N)	50	91	91½	+0⅛	−0⅝	15.07
Fed. Bs. D. 15¾ 84 (J)	40	100⅝	101⅛	0	−0⅛	15.33
Fin. Exp. Credit 10½ 85	50	84⅜	85⅛	−0⅛	−0⅛	15.86
Finland, Rep. of 9½ 86	100	80	80½	+0⅛	−0⅛	15.72
Ford Cr. O/S Fin. 16 84	150	100	100½	−0⅛	−1	15.74
Ford Cr. O/S Fin. 16 85	150	97⅞	98⅜	+0⅛	−0⅛	16.67
Gaz de France 13½ 86	80	94⅛	94⅝	−0⅛	−0⅛	15.24
GMAC O/S Fin. 12⅞ 88	100	90½	91	+0⅛	−0⅛	15.14
GMAC O/S Fin. 14¾ 87	100	96⅞	97⅜	+0⅛	−0⅛	15.52
Gen. Mtrs. O/S 11¾ 87	100	87⅛	87⅝	0	−0⅛	14.95
Genstar 14¾ 91	50	98⅛	98⅝	0	0	15.04
GTE Fin. 13¾ 88 (WW)	50	97	97⅝	0	+0⅛	14.51
Hiram Walker 16 86	50	102⅛	102⅝	0	−0⅛	15.24
IBM Wld. Trade 12½ 83	200	94⅝	95⅛	−0½	−0⅛	13.69
IBM Wld. Trade 14¾ 84	100	100⅝	101⅛	+0⅛	+0⅜	14.28
Nat. Bk. Canada 15¾ 84	40	98½	99	+0⅛	0	15.79
Newfoundland 13½ 90	60	91⅝	92⅛	+0⅛	−0⅛	15.18
Nova Scotia 15 91	75	97½	98	0	−0¼	15.45
Ontario Hydro 13½ 91	100	93	93½	0	−0⅛	14.82
Queb. Hy. 13 91 (WW)	100	88⅝	89⅛	+0⅛	−0½	15.21
Royal Bk. Canada 14 88	100	97⅝	98⅛	−0⅛	−0⅜	14.60
SNCF 13 91	75	90½	91	−0¼	−0⅛	14.82
Sth. California 14 87	50	96⅝	97⅛	−0⅛	−0⅞	14.76
Sth. California 14¾ 88	50	98⅛	98⅝	+0⅛	0	15.14
Sven Handlsbk. 13¾ 88	45	91⅞	92⅜	−0⅛	−1⅛	15.68
Swed. Ex. Credit 13 86	75	90⅞	91⅜	0	−0⅛	15.82
Swed. Ex. Cred. 15¾ 86	50	99⅝	100⅛	0	−0⅛	15.75
Toronto-Dom. Bk. 14 84	50	96⅛	96⅝	+0⅛	−0⅛	15.57
Tribune O/S Fin. 14 86	50	94⅞	95⅛	−0⅛	−0⅛	15.48
Wells Fargo Int. 15½ 84	50	100⅛	100⅝	0	−0⅛	15.30
World Bank 10¾ 87	300	81½	82	−0⅛	+0⅛	15.11
World Bank 14⅞ 86	500	96⅞	96⅞	−0⅛	+0⅛	15.43
Average price changes...	On day 0 on week −0⅛					

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	97⅛	98	0	−0⅝	10.38
Austria, Rep. of 8⅛ 92	150	87⅞	88⅜	0	+0⅛	10.03
CECA 7⅞ 92	150	86	86½	−0¼	+0⅛	9.94
CECA 10 91	120	100¼	101	−0¼	−0⅛	9.88
CII-Honeywell 8¾ 90	125	87⅞	88⅜	0	−0⅛	10.44
Council of Europe 10 91	100	99	99½	−0⅛	−0⅜	10.09
EIB 8½ 90	200	89⅛	89⅞	−0½	−0½	10.30
EIB 10½ 91	200	100⅛	100⅞	−0⅛	−0⅛	10.40
ESCOM 9½ 87	100	90⅞	91⅛	+0⅛	−0⅛	11.33
Finland, Rep. of 10 89	100	97⅛	97⅝	+0⅛	−0⅛	10.47
Iberduero SA 9 90	100	88¼	89	+0⅛	−1⅞	11.05
Ind. Bk. Finland 8½ 90	50	89⅛	89⅞	−0¼	−0¼	10.29
Int.-Am. Dv. Bk. 10 91	100	98⅝	99½	−0⅛	−0⅛	10.13
Japan Air Lines 8⅛ 87	100	91⅝	92⅛	0	−0⅛	9.86
Japan Dev. Bk. 7⅝ 87	100	88⅞	89⅜	−0⅛	+0½	10.04
Kobe, City of 8 90	100	87⅜	88⅛	0	+0⅛	10.12
Midland Int. Fin. 8½ 90	180	89⅝	90⅛	0	+0⅛	10.25
Nuclebras 9¾ 88	100	89¾	90½	+0⅛	+2⅜	11.85
OKB 8¾ 92	150	86⅞	87⅜	+0⅛	+0⅞	10.24
Oslo, City of 8½ 90	80	92	92⅜	+0⅛	+0⅜	10.10
Venezuela, R. of 9¾ 90	150	93⅝	94½	−0⅜	+0⅛	10.76
World Bank 8 90	700	86	86½	−0⅛	0	10.39
World Bank 10 86	150	100⅞	101⅜	0	−0⅞	9.64
Average price changes...	On day −0⅛ on week 0					

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aerospat. Paris 6⅞ 91	60	96½	96⅞	+0⅛	+0½	6.98
BFCE 6⅞ 91	100	95	95¼	0	−1⅛	7.21
Bayer Int. Fin. 5¾ 92	100	90⅝	91¼	−0⅛	+0½	6.40
Bergen, City of 6⅝ 91	40	†100	100½	0	+0⅛	6.71
[illegible] 7 90	40	99½	99¾	−0⅛	−0⅛	7.95
CECA 6¾ 91	90	97⅞	97⅝	+0⅛	+0⅛	7.11
Denmark 5¾ 90	80	88	88¼	+0⅛	0	7.62
Dome Petroleum 5½ 91	100	95⅞	95½	−0⅛	+0⅛	6.40
Elet. de France 5¾ 90	100	†91	91½	0	−0⅞	6.54
Eurofima 5¾ 92	80	†98½	99½	0	+0⅛	5.87
F. G. H. Hypo. Bk. 6 90	50	94¼	94½	−0½	−0⅛	6.86
Finland, Rep. of 6⅝ 90	80	88½	89	+0⅛	+1⅛	7.36
Franc. Petroles 6½ 91	80	†97¼	97½	−0⅛	−0½	6.87
Genstar 7 91	100	102⅝	102⅞	0	−0⅝	6.61
Int.-Amer. Dv. Bk. 7 91	100	98⅞	99½	−0⅛	−0⅛	7.14
Japan Dev. Bank 5⅝ 90	100	94	94¼	−0⅛	+0⅞	6.61
Mt. Blanc Tunnel 5½ 90	80	†89	90	−0⅛	−0⅛	7.09
Newed 5¾ 90	80	†92	92½	0	+0½	6.94
OKB 7 93	100	99⅝	100	+0⅛	+0¼	7.01
Oslo, City of 5⅞ 90	80	92	92½	−0⅛	0	7.04
Philips Lamps 6⅝ 92	100	†89½	89⅝	−0½	−0⅛	6.60
Swed. Ex. Cred. 7¼ 91	75	97⅞	98⅛	+0⅛	+1½	7.54
Trade Dev. Fin. 6⅛ 90	50	†90	91	0	−1¼	7.59
Voest-Alpine 5¾ 90	80	†90	91	+0⅛	0	7.19
World Bank 6 91	100	92⅝	93⅛	0	−0⅛	7.02
World Bank 7 90	100	100⅝	100⅝	−0⅛	−0⅛	6.95
Average price changes...	On day −0⅛ on week 0					

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91	15	97¾	98¼	−0⅛	−0⅛	8.59
Australia 6½ 88	20	85⅝	86⅜	−0⅛	−0⅛	9.38
EIB 7¼ 89	12	91⅝	92⅜	+0⅛	−0⅛	9.16
Finland 5.6 83	10	91⅝	92¼	0	−0⅛	9.67
Finland 6.8 88	10	85⅝	86⅜	−0⅛	−0⅛	9.71
Finland, Rep. of 8⅞ 87	15	97½	98½	0	−0⅛	8.82
Average price changes...	On day −0⅛ on week −0⅛					

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅝ 85 C$	60	85½	87½	0	0	14.42
CIBC 13½ 85 C$	50	93¾	94¼	−0¼	−0⅜	15.69
CIBC 11⅛ 85 C$	60	85½	87½	−0½	−0⅜	16.29
Federal Dev. 11½ 90 C$	60	†79¾	80¾	−0⅜	−1	15.87
Fst. Can. Inv. 10 84 C$	50	†85	86	0	−0½	16.77
R. Bk. Canada 10 86 C$	40	88	89	0	−0⅛	13.35
Tordom Cpn. 13½ 85 C$	30	†94	95	0	−0⅛	15.46
M. Bk. Damk. 9 91 EUA	25	86	87¼	0	−0⅛	11.23
SOFTE 8¾ 89 EUA	40	86⅝	88	0	−0⅛	10.71
U. Bk. Nwy. 9½ 90 EUA	18	94¼	95½	0	+0⅛	10.41
Algemene Bk. 10¾ 86 Fl	60	94⅝	95⅛	0	0	11.71
Amro Bank 12 86 Fl	75	100⅜	100⅞	+0¼	+0⅛	11.82
Heineken NV 10 87 Fl	100	93⅛	93⅝	0	0	11.59
Nat. Nedrlndn. 10 88 Fl	60	95	95½	0	+0⅝	11.03
Ned. Midd. Bk. 10 85 Fl	75	93⅝	94⅛	0	+0½	11.82
Pierson 10¾ 86 Fl	50	93¼	93¾	+0⅛	0	12.12
Rabobank 12 86 Fl	50	100⅞	100⅝	+0½	+0⅜	11.83
Air France 14½ 88 FFr	200	92⅝	93⅛	+0⅛	+0⅛	16.81
Bk. America 14½ 86 FFr	250	90½	91⅛	0	−0⅛	17.48
Charb'nages 13⅞ 85 FFr	400	89⅝	90⅜	0	+0⅛	17.23
EIB 14⅛ 88 FFr	300	87⅞	88½	−0⅛	−0½	17.37
La Redoute 14⅛ 85 FFr	125	86⅝	87⅜	0	+0⅜	16.82
OKB 14 88 FFr	400	92	93	0	+0½	16.35
Solvay et C. 14¾ 86 FFr	200	95⅛	96⅛	0	0	15.99
Swed. E. Cr. 14⅝ 86 FFr	250	88	89	−0¼	−0⅛	18.38
U. Mex. Sts. 14 85 FFr	150	89⅝	90⅝	+0⅛	+0⅛	17.68
Acona 14 85 £	20	93	94	+0⅛	−0⅛	16.03
Beneficial 14⅛ 90 £	20	85¼	86	−0⅛	−1	17.40
BNP 13½ 91 £	15	87⅛	87⅞	−0⅛	−2¼	16.10
CECA 13½ 88 £	20	88½	89⅛	+0½	−2⅛	16.16
Citicorp O/S 13½ 90 £	50	93¼	94	+0⅛	−0⅛	14.81
Fin. Ex. Cred. 13¾ 86 £	15	91½	92¼	−0⅛	−1⅛	16.28
Gen. Elec. Co. 12½ 89 £	50	86⅞	87⅞	0	−0⅝	15.37
Hiram Walker 14¾ 86 £	25	93¾	94	0	−1⅜	18.21
Privatbanken 14½ 88 £	12	90⅝	91⅛	−0⅛	−0⅛	16.77
Rothschild 14¾ 90 £	12	93½	93⅞	0	−0⅝	15.62
Royal Trustco 14 86 £	12	93⅜	93⅞	+0½	−2⅞	16.01
Swed. Ex. Cr. 13¾ 86 £	20	91⅝	92⅛	0	−1⅛	15.25
Akzo 9¾ 87 LuxFr	500	89⅝	90⅛	0	−0½	11.58
Euratom 9¾ 88 LuxFr	500	84⅛	85⅛	0	−0½	13.34
Eurofima 10½ 87 LuxFr	500	90	91	0	+0⅛	12.75
EIB 9¾ 88 LuxFr	600	87½	88½	0	0	12.51
Volvo 9¾ 87 LuxFr	500	85⅞	86⅞	0	−0⅛	12.90

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	98⅝	99⅛	18/12	16⅝	16.92
Bank of Tokyo 5¼ 89	‡0¼	98⅝	99⅛	25/7	16½	15.69
BBL Int. 5 86	0¼	99⅞	100⅛	20/11	18.31	18.34
BNP 5½ 88	‡0¼	98⅞	99⅜	29/7	16.44	16.58
CNT 5¼ 86	§0¼	99	99½	16/10	16.31	16.34
Christiania Bk. 5½ 91	‡0¼	98	98½	5/8	17.31	17.62
Citicorp O/S Fin. 84	‡0	98½	99⅛	29/7	18.69	18.85
C. Itoh 5⅛ 87	0¼	98⅝	99⅛	18/9	15.44	15.59
Co-operative Bk. 6 86	0¼	99⅛	100	15/11	19.56	19.61
Den Norske Credit 6 90	‡0¼	98½	99	5/8	17.31	17.53
Genfinance 5¼ 87	0¼	98⅞	99⅛	30/10	16.94	17.09
Genfinance 5⅞ 92	0¼	99⅛	99⅝	30/12	18.31	18.43
Giro und Bank 5¼ 91	‡0¼	98¾	99¼	23/9	19.06	19.26
GZB 5½ 89	‡0¼	98⅝	98⅞	1/8	17.31	17.55
GZB 5¾ 92	‡0¼	98¼	98¾	5/9	17¼	17.51
Ind. Bank Japan 5¾ 87	0¼	99⅛	99⅝	15/10	17.06	17.17
Ind. Bank Japan 5¾ 88	0¼	98⅝	99⅛	9/10	16.44	16.62
Lloyds Eurofin 8 90 £	0¼	97	97½	6/1	13⅝	14.01
Lloyds Eurofin 5¼ 92	0¼	98½	99	4/12	17.44	17.66
LTCB Japan 5¼ 86	0¼	99½	100	13/12	17⅛	17.29
Men. Hanov. O/S 5¼ 94	‡0⅛	99⅜	99⅞	30/8	19.06	19.13
Merrill Lynch O/S 87	0¼	99⅞	100⅜	7/8	20.44	20.41
Midland Int. Fin. 5¼ 92	0¼	98½	99	5/12	17⅜	17.59
Midland Int. Fin. 9 91	0¼	98	98½	30/10	16.81	17.11
Nacional Fin. 6¼ 86	0¼	98⅞	99⅜	25/7	17¾	17.91
Nacional Fin. 5½ 88	0¼	96⅝	97¼	25/9	14⅞	15.34
Nat. Bk. Canada 5¼ 88	0¼	97⅞	98⅜	24/9	14½	14.78
Nat. West 5¼ 94	§0¼	97⅞	98¼	14/10	16.19	16.52
Nat. West. 5¾ 92	§0¼	97⅞	98⅜	23/10	16.81	17.13
Pemex 6 91	0¼	96⅝	97⅛	8/10	15.31	15.81
Sparebanken 6 87	0¼	97⅞	98⅜	19/12	16.81	17.13
Standard Chart. 5¼ 90	0¼	98⅝	99¼	3/9	17.06	17.23
Svenska Hndlsbk. 5 87	0¼	99¼	99¾	15/7	17.81	17.90
Average price changes...	On day 0 on week −0⅛					

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	99½	100½	−0⅛	1.59
Bow Valley Inv. 8 95	4/81	23.12	110¾	112¾	−1⅛	8.00
Canon 6⅞ 95	1/81	829	192¾	194	+4¾	4.73
Credit Suisse 4¾ 93	10/79	1236	79½	81	+0⅛	−3.94
Digicon Fin. 8½ 95	10/81	23.5	96¼	97½	−0⅛	11.50
Fujitsu 5½ 96	7/81	732	109⅝	110⅝	−0⅛	5.40
Furukawa Elec. 5¾ 96	7/81	300	107	108	+0½	−0.42
Hanson O/S Fin. 9½ 96	8/81	2.74	90	90½	0	0.40
Ina Overseas 8¾ 2000	4/81	42	104	105¼	−0⅛	1.02
Inchcape 8 95	2/81	4.55	67	68½	+0⅛	0.52
Kotobukiya Co 7 96	4/81	619	†91½	93	−2	−5.04
Marion Int. Fin. 9 95	12/80	15.5	77	78½	+0⅛	18.97
Marui 6 96	7/81	931	102½	103½	−0⅛	1.28
Matsushita El 7½ 95	11/80	590	98½	99½	−0⅛	3.69
NKK 6½ 96	7/81	188	†115¾	116¾	+4⅛	23.50
Ricoh 6⅛ 95	8/80	604	166	167⅛	−1⅛	−2.48
Sumitomo M. Ind. 7 95	2/81	181	147½	148⅛	+2⅛	2.41
Swiss Bk. Cpn. 6½ 90	9/80	200	73¼	75⅛	−0⅛	32.67
Taylor Woodrow 8⅛ 90	1/81	4.94	90½	91⅛	−0⅛	3.61
Transco Int. 8¾ 95	2/81	68	80¼	81½	+1⅛	40.54
Tricorp 8½ 95	12/80	31.25	79	80½	+0⅛	10.76
Union Bk. Switz. 5 89	2/80	70.79	72¼	74⅛	−0⅛	3.98
Sharp Cpn. 6½ 88 DM	9/80	585	207⅝	208⅝	−4	−2.47
Uny Co. 6½ 85 DM	11/79	879.3	120	121	−2⅞	−3.26

EUROBOND TURNOVER
(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	2,921.2	4,104.6
Previous week	2,603.2	7,242.4
Other bonds		
Last week	511.9	619.2
Previous week	582.9	493.6

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by:

Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Credit Commercial de France (Securities) London; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Manufacturers Hanover; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Orion Royal Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on July 10

INSURANCE

Gloomy forecast for underwriters

BY ERIC SHORT

UK COMPOSITE insurance groups are expected to incur underwriting losses this year—more than 50 per cent higher than last year's poor figures.

This gloomy prediction comes from leading London stockbrokers, Rowe and Pitman, in their annual review of the world insurance scene and its effect on the seven quoted composite companies in the UK.

Such a prediction will not come as a complete surprise to those understanding the operations of the insurance market. Underwriting results tend to be cyclical in pattern, with the cycles occurring with almost monotonous regularity.

The cycle starts its upward swing as insurers set their premium rates to produce an adequate underwriting profit — that is, the premiums received will more than cover the cost of paying claims and meeting expenses.

Since there is a time lag between receiving the premiums and paying the claims, the profits rise steadily for a little while. Then competitive pressures force premium rates to be cut, or kept down, leading to falling profits and business moving into a loss-making situation. Rates are then revised and losses reduced. Trading then becomes profitable and the cycle starts over again.

This is a very simplistic description of the underwriting cycle. Its movements, in practice, are very much affected by competition and authoritative interference.

At present, almost all the world insurance markets appear to be in a down cycle phase. Underwriting losses from the seven major UK composites have moved from a profit in 1978 of £7m to an aggregate loss of £208m in 1980. Rowe and Pitman expect the combined losses of these seven companies this year to reach £333m.

But the survey strikes a guarded conclusion that 1981 should represent the bottom of the current cycle—guarded in that this conclusion is based on previous behaviour patterns from the cycle which showed a period averaging six years.

Although Rowe and Pitman expect losses next year to be higher in sterling terms, rising to £355m in terms of premium income, losses are expected to decline from 5.2 per cent in 1981 to 4.9 per cent of premium income in 1982, indicating the start of the upswing in the next cycle. This is expected to show through more strongly in 1983 and 1984.

The Rowe and Pitman review of the major insurance territories show a varying picture of markets in the down cycle. It concludes that the UK is in such a cycle even though underwriting losses last year declined substantially from a loss of £42.5m in 1979 to a loss of £31.7m in 1980.

The survey points out that weather conditions last year were extremely favourable, and the losses should have been much lower. Thus, the review concludes that the UK market is in the down swing of a trading cycle.

UK losses of £40m in 1981 and £62m in 1982 are forecast by Rowe and Pitman. In the U.S., the downswing in the current cycle enters its third year this year, and Rowe and Pitman feel that competitive conditions will hold back moves to an upswing. Its forecast of losses this year are more than double—from £55m in 1980 to £137.5m in 1981, rising even further to £155.5m in 1982.

However, it feels that the recent announcement by the leading U.S. insurance company Aetna that the time has come for higher premium rates may represent the first signal of a turn in the cycle.

Canada and Australia are both in the grip of a very severe depression in the insurance market where conditions have left insurance companies in extreme disarray. Losses on the downswing of £46.3m in Canada and £27.3m in Australia last year both represented double figure losses as a percentage of premium. The recovery from such severe conditions is expected to be slow.

Underwriting is only one side of the picture. Insurance companies receive income from investments of their very strong cash flows and on the large reserves held in the business.

The current high level of interest rates available worldwide, especially in the UK and U.S., have resulted in steadily increasing investment income that has enabled companies to accommodate higher underwriting losses.

The earnings of the UK composite insurance groups have been on a plateau since 1978. Share holders have, and can continue to expect, rising dividend payments. Rowe and Pitman is forecasting profits of £375m this year against profits of £357m last year.

APPOINTMENTS OVERSEAS

Amax executives

Mr. James H. Foreman has been appointed president of AMAX CANADA. He was most recently senior vice president, conversion operations of Amax Molybdenum Division. Mr C. Allen Born, the former president of Amax Canada, resigned to become president of Placer Development, a Canadian mining and minerals investment company. Mr Foreman will reside in Vancouver, British Columbia.

Mr D. L. Davenport has become general manager, corporate administration, for Amax Australia. He will be based in Perth and will have responsibility for the company's finance and administration. Mr Davenport was previously president of Mt. Newman Mineral Sales Corporation Pty and vice president of Amax Iron Ore Corporation.

★

Mr Ronald J Barnes, chief executive of Lombard North Central since January 1978, has been elected vice chairman of EUROFINAS (European Federation of Finance House Associations). He remains a member of the management committee of the Finance Houses Association in Britain, of which he has been vice chairman and chairman.

★

Mr John G. Harris has been elected to the board of EUROPEAN AMERICAN BANCORP, of the U.S. He succeeds Mr Malcolm G. Wilcox, who has resigned from the board following his retirement from Midland Bank where he was chief general manager. Mr Harris was appointed director and assistant chief general manager of Midland Bank and chief executive officer of Midland Bank International at the beginning of this month. He is also a director of Samuel Montagu and Co. and the Thomas Cook Group.

★

ALLIED BREWERIES (UK) has appointed M Philippe de Flandre to join its export department to be responsible for the sales and promotion of the company's British brewed beers in Belgium, Holland and France. He will be based near Mons.

★

The UNITED TRANSPORT COMPANY has appointed Mr Kenneth E. Secrett as managing director of United Transport Overseas from October 1. He will then take over responsibility for the group's operations in South Africa, Swaziland and Zimbabwe from Mr Arthur W. Kent who will relinquish his position as joint managing director. Between that date and December 31 Mr Secrett will, additionally take over from Mr J. R. Le Fevre, the other joint managing director, responsibility for the company's operations in other parts of the world. Mr Le Fevre, who will be 65 next year, will relinquish his executive appointments at the end of 1981.

CONTRACTS

Order worth £3.95m for Ford cars

JAMES A. LAIDLAW has been awarded a contract worth £3.95m to supply Ford cars to Swan National Rentals. The cars, which will be used throughout the UK, will involve the entire Ford range, and the contract will cover the period from August 1981 until June 1982.

★

DD LAMSON is to supply Norwich Union with an intercar document handling system as part of a £260,000 deal. The intercar will be installed in Norwich Union's new nine-storey building at Norwich, due to be completed in two years' time. Intercar is a system of tracked electrically propelled cars for conveying documents in bulk throughout buildings.

★

TOWCO GRATTE, building services engineers, Isleworth has won a contract worth over £260,000 for the installation of mechanical, electrical and plumbing services in a new office building for the Church Commissioners at 26-30, City Road, London EC1. Main contractor is John Lelliot and completion is scheduled for early August 1982.

★

WHESSOE SYSTEMS AND CONTROLS has received an order valued at £175,000 from Mobil Oil Company for equipment for what Mobil have named, the product variation control scheme for the Coryton Bulk Terminal on the Thames estuary. The scheme in broad outline is intended to improve the overall operating efficiency of the terminal and to provide total stock management.

★

Electrolux has placed orders worth £170,000 with ICL for over 50 ICL 7561 videos and associated 7502 communication controllers. The video network will serve all levels of management, starting at board level. Directors will have their own terminals in their offices and the video network will be linked to their twin ICL 2950 computer centre at Luton.

★

To enable court proceedings in the Royal Courts of Justice to be recorded more efficiently, the property services agency of the Department of Environment has ordered a replacement in-court recording system worth £125,000 from PHILIPS BUSINESS SYSTEMS, communication and control division. In each of the 48 courts in the Strand, a control unit receives signals from the Philips microphones; from four to eight microphones are in each court depending on its size. Each control unit is connected to its individual recorder and also to one of two Philips multi-track recorders in the central control room; these act as archive files and the tapes are kept for seven years.

★

The Ford Motor Company has decided to change its telecom equipment to the new stored programme control digital electronic system, the SL-1 from RELIANCE SYSTEMS (GEC). At centres at Langley, Berks and Brentwood, Essex, Ford are installing the new exchanges representing a total investment of around £750,000.

★

CHILTERN WATER TREATMENT COMPANY has received a £100,000 order for the supply of a water treatment installation to Thorn EMI's new video disc pressing plant at Swindon.

★

P. AND W. OFFSHORE SERVICES, a William Press company, has been awarded a £500,000 contract by BP Petroleum Development for the offshore installation and testing of the topsides piping and pig traps associated with the Forties/Brae riser on the Forties Charlie. The contract is for the supply of labour, plant supervision and staff to install the piping and associated works for a new 30-inch riser.

★

A fleet of nine MF50B digger loaders, worth over £250,000 has been purchased from Kellands (Plant Sales), Bath, MASSEY-FERGUSON distributor, by R. M. Penny (Plant Hire), Chewton Mendip, Somerset.

★

Hertz has invested almost £500,000 in its first fleet of 100 SAABS in the UK.

Business in Commons and Lords this week

TODAY

Commons—Remaining stages of the Deep Sea Mining (Temporary Provisions) Bill. Progress on remaining stages of the Wildlife and Countryside Bill.

Lords—British Nationality Bill, committee stage. Motions to approve Meat and Livestock Commission (Variation) Scheme (Confirmation) Order 1981, and the Pool Competitions Act 1971 (Continuance) Order 1981.

Select Committees—Home Affairs, Sub-Committee on race relations and immigration. Subject: The operation and effectiveness of the Commission for Racial Equality. Witnesses: Home Office. (Room 15, 11 am.) Education, Science and Arts. Subject: Secondary school curriculum and examinations. Witnesses: Baroness Young, Minister of State for Education. (Room 6, 3.30 pm.) Treasury and Civil Service. Subject: Financing of the nationalised industries. Witnesses: Bank of England officials. Mr Leon Brittan, chief secretary to the Treasury. (Room 15, 4.30 pm.)

TOMORROW

Commons—Progress on remaining stages of Finance Bill. Motions on the films (quotas) order and on the Pool Competition Act 1971 (continuance) order. Proceedings on the Friendly Societies Bill.

Lords—London Transport Bill, second reading. South Yorkshire Bill, third reading. Education (Scotland) Bill, committee stage. Motions to approve: Antigua Termination ... Association Order. European Centre for Medium-range weather forecasts (Immunities and Privileges) amendment Order 1981, and the Commission for the Conservation of Antarctic Marine Living Resources (Immunities and Privileges) Order 1981.

Select Committees—Foreign Affairs. Overseas development sub-committee. Subject: Overseas student fees: aid and development implications. Witnesses: National Union of Students; Overseas Students Trust. (Room ..., 5.40 pm).

WEDNESDAY

Commons—Further progress on the remaining stages of the Finance Bill. Consideration of Lords amendments to the Iron and Steel Bill and the Criminal Attempts Bill.

Lords—Transport Bill, third reading. Employment and Training Bill, committee stage.

Select Committees—Defence. Subject: Royal Dockyards and the dockyard study. Witnesses: Ministry of Defence. (Room 15, 10.30 am). Education, Science and Arts. Subject: Public and private funding of the arts. Witnesses: Standing Commission on Museums and Galleries. (Room 6, 10.30 am). Scottish Affairs. Subject: Youth unemployment. Witnesses: Scottish Economic Planning Department; Manpower Services Commission. (Room 5, 10.30 am). Treasury and Civil Service sub-committee. Subject: Efficiency and effectiveness in the Civil Service. Witness: Sir Derek Rayner. (Room 15, 4.15 pm). Energy. Subject: North Sea oil depletion. Witness: Lord Balogh. (Room 6, 4.45 pm).

THURSDAY

Commons—Debate on outbreaks of civil disorder in Great Britain.

Lords—Armed Forces Bill, report stage. Motion to approve County Courts Jurisdiction Order 1981. Forgery and Counterfeiting Bill, consideration of Commons amendments. British Nationality Bill, committee stage.

FRIDAY

Commons—Motions to approve the Northern Ireland Industrial Investment (Amendment) Order and the Northern Ireland Appropriation (No 2) Order.

Lords—Education Bill, committee stage.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Ansbacher (Henry), Plaisterers Hall, 1, London Wall, EC, 12.30
Cakebread Robey, 318-326, Southbury Road, Enfield, Middx., 11.00
East Midland Allied Press, Great Northern Hotel, Peterborough, 2.45
Gates (Frank G.), Woodford Moat House, 30, Oak Hill, Woodford Green, Essex, 12.00
Hinton (Amos), Mater Road, Thornaby, Cleveland, 2.30

BOARD MEETINGS—
Finals:
Associated British Engineering
Carclo Engineering
LRC Intnl.
Murray Northern Inv. Tst.
Peerless
Ratners Jewellers
Sogomana Group
Western Board Mills
Interims:
Kershaw (A.)
NCR
Rank Organisation

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mortgage Corpn. Var. Bonds 7/1/83 £7.5313
B.F.G. Finance B.V. Fltng. Rate Notes 1989 U.S.$34.68
Bank of Ireland 3.5p (2nd) Ir.£. 10.5p Ir.£
Brooke Tool Engineering (Hldgs.) 0.75p
Citicorp Overseas Finance Corpn. Gtd. Fltng. Rate Notes 1982 U.S.$398.13
Guinness Mahon Ln. 3pc
Helical Bar 1.75p
London Atlantic Inv. Tst. 3p
Modern Engineers of Bristol (Hldgs.) 2p
Smart (J.) Contractors 1p

TOMORROW

COMPANY MEETINGS—
Assam Dooars, Sir Joseph Lyon House, 5, High Timber Street, Upper Thames Street, EC, 11.00
Birmingham and District Inv. Tst., Stratton House, Piccadilly, W, 3.30
Cornell Dresses, 37, Queen Street, E.C., 11.00
Dawson International, North British Hotel, Edinburgh, 11.45
Electrical and Industrial Invest., Stratton House, Piccadilly, W, 3.00
Hunting Associated Inds., 243, Knightsbridge, SW, 12.30
International Paint, Henrietta House, 9, Henrietta Place, W, 12.00
Milletts Leisure Shops, Abercorn Rooms, Liverpool Street, EC, 12.00
Shires Invest. Tst., 70, Finsbury Pavement, EC, 12.00
Western Dooars (Tea), Sir Joseph Lyon House, 5, High Timber Street, Upper Thames Street, EC, 11.30

BOARD MEETINGS—
Finals:
Equity Consort Inv. Tst.
H.A.T.
Jones Stroud
Magnet and Southerns
R.F.D.
Russell (Alexander)
Sommerville (William)
United British Securities Tst.
Interims:
Bath and Portland
Glass Glover
Investors Capital

DIVIDEND & INTEREST PAYMENTS—
Ansbacher (Henry) 0.15p
Assam Dooars 6p
Brown Shipley Stlng. Bd. Fund Ptg. Prf. 32p
Carr's Milling Inds. 1.25p
East Midland Allied Press Ord and A 2.35p
Funding 3½pc 1999-2004 1¾pc
Gates (Frank G.) 2p
Hay (Norman) 1.85p
Meilins 10pcPf. 3½pc
Moss Bros. 1p
Moss Engineering 2.1p
R.B.C. Intnl. Income Fund Ptg. Prf. 50 cents
Riley (E. J.) 1.25p
Royal Bank of Scotland Fltng. Rate Cap. Notes due 86-94 8½pc
Treasury Ln. 12½pc 1993 6¼pc
Treasury stk. 13pc 2000 6½pc
Western Dooars (Tea) 4p

WEDNESDAY JULY 15

COMPANY MEETINGS—
Bischi Tin, 99, Aldwych, WC, 12.00
Brown Shipley, Founders Court, Lothbury, EC, 12.30
Brownlee, City Saw Mills, Glasgow, 12.00
Continuous Stationery, Great Eastern Hotel, Liverpool Street, EC, 12.00
Deritend Stamping, St Richard's House, Victoria Square, Droitwich, Worcs., 12.30
Hill (Philip) Inv. Tst., 1, Brewer's Green, Buckingham Gate, SW, 2.45
Hunting Gibson, 243, Knightsbridge, SW, 12.30
London and Lennox Inv. Tst., 2, St. Mary Axe, E.C., 11.30
Marks and Spencer, Royal Lancaster Hotel, Lancaster Terrace, W, 11.00
Northern Goldsmiths, Royal Station Hotel, Neville Street, Newcastle-upon-Tyne, 11.45
Streeters of Godalming, Milford House Hotel, Godalming, Surrey, 12.00

BOARD MEETINGS—
Finals:
Cawoods
Christie-Tyler
Daelan
Craig Shipping
Moorgate Inv.
Interims:
Associated Newspapers Group
Daily Mail and General Tst.
General Consolidated Inv. Tst.
Jamesons Chocolates
Ladies Pride Outerwear
London and Lomond Inv. Tst.
Union Discount

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mortgage Corpn. 5½pcDb. 80-85 2¾pc. 5¾pcDb 93-95 2⅞pc. 6¼pcDb. 92-94 3⅛pc
Allied Irish Banks 4.5p Ir.£
Anglo-American Securities Ln. 2pc
Arbuthnot Govt. Securities Tst. Cap. Ptg. Red. Prf. 3.19p (3rd)
Associated Electrical Inds. Db. 3¾pc
Bell Canada 45 cents
Broadstone Inv. Tst. 5pcPf. 1.75pc. 5½pc Pf. 1.925pc
C.N.A. Invests. 42.5 cents
Cakebread Robey Ord. and A Ord. 2p
Camden (London Borough of) 12½pcRed. 1985 6¼pc
City Offices Co. 4½pcPf. 1.575pc
Corpn. of London 6¾pc 80-82 3⅜pc
Eagle Star Holdings 5.5p
Edinburgh Inv. Tst. Dbs. 1½. 2¼pc Funding stk. 5½pc 82-84 2¾pc
General Funds Inv. Tst. 5pcPf. 1.75pc. Debs. 2¼, 3pc
Greece 5pc National Ln. 1907 (Assd. with Acceptance Cert.) 2½pc. Stlg. Fdg. Bds. of 1965 2½pc
Howard and Wyndham Ln. 9pc
Hunting Petroleum Services 4.5p
Industrial and General Tst. Db. 2¾pc
International Thomson Org. 6.6125 cents. Cnv.Pf. 5.25p
Law Land 5pcPf. 1.75pc
Ley's Foundries and Engineering 6pcPf. 2.1pc
London and St. Lawrence Inv. Db. 2½pc
London Brick Ln. 7pc
London County 5½pc 82-84 2¾pc
M and G Group 5p
Milletts Leisure Shops 4p
Morgan (J. P.) 77.5 cents
Murray Western Inv. 4½pcPf. 1.575pc. Db. 3pc
North Surrey Water Debs. 2. 2½. 2⅞. 3½pc
Northern Industrial Improvement Trust 2p
Occidental Petroleum Corpn. 62.5 cents
Quaker Oats 40 cents
Quebec Central Railway Cap. 2.5pc
Ransome Hoffmann Pollard 2p
Sandwell 13pc Red. 1935 6½pc
Saul (B. F.) Real Estate Inv. Tst. 5 cents
Schlumberger 30 cents
Sea Containers Atlantic Pfd. U.S.$2.10 52.5 cents
Societe Generale Fltng. Rate Notes 1991 U.S.$42.97
Svenska Handelsbanken Fltng. Rate Notes due 1987 U.S.$89.56
Time Products 1.8p
Treasury Ln. 8½pc 80-82 4¼pc. 9½pc 1999 4¾pc
Treasury stk. 13pc 1990 6½pc
United States and General Trust Corpn. 5pcPf. 1.75pc
Walter (Jim) Intnl. Finance N.V. Gtd. Fltng. Rate Notes 1988 U.S.$450.07
Witan Inv. 3.4pcPf. 1.7pc

THURSDAY JULY 16

COMPANY MEETINGS—
Airflow Streamlines, Saxon Inn Motor Hotel, Silver Street, Northampton, 12.00
Boots Co., Chartered Insurance Institute, 20, Aldermanbury, EC, 11.00
Capper Neill, Midland Hotel, Manchester, 11.30
Chapman and Co. (Balham), Great Eastern Hotel, Liverpool Street, EC, 12.30
Courtaulds, Europa Hotel, Grosvenor Sq., W, 10.45
Energy Finance and General Trust Hldgs., Dauntsey House, Frederick's Place, Old Jewry, EC, 5.00
Hambros Inv. Tst., 41, Bishopsgate, EC, 12.00
Harrisons and Crosfield, Baltic Exchange, 14-20 St. Mary Axe, EC, 11.15
Leigh Interests, Chamber of Commerce, 75, Harborne Road, Birmingham, 12.00
Locker (Thomas) (Hldgs.), Church Street, Warrington, Cheshire, 11.00
London and Holyrood Tst., P & O Bldgs., 122 Leadenhall Street, EC, 3.00
London and Provincial Tst., P & O Bldg., 122 Leadenhall Street, EC, 2.15

BOARD MEETINGS—
Finals:
Arbuthnot Sterling Fund
Atlantic Assets Tst.
Bristol Evening Post
Distillers
Duraplpe Intnl.
Firth (G.M.) (Metals)
Harris (Philip) Hldgs.
Haslemere Estates
Hollis Brothers and E.S.A.
Howden Group
London and Midland Inds.
Rothmans Intnl.
Trustees Corp.
Unigate
Interims:
Child Health Research Inv. Tst.
Dewhurst and Partner
Eurotherm Intnl.
Gestetner
Glasgow Stockholders Tst.

DIVIDEND & INTEREST PAYMENTS—
Anglo-American Securities 4½pcPf. 1.575pc
Boots 4.625p
Brownlee 3p. 5pcPf. 1.75pc
Chapman and Co. (Balham) 4.5p
Leigh Interests 3.8p

FRIDAY JULY 17

COMPANY MEETINGS—
Anglo-Indonesian Corpn., 123, Kennington Road, SE, 12.00
Beales (John) Assocd., Boulevard Works, Radford Boulevard, Nottingham, 12.00
Debenhams, Cavendish Conference Centre, Duchess Mews, W, 12.00
Delyn, Caerphilly, Mid Glamorgan, 12.00
Prince of Wales Hotels, Prince of Wales Hotel, Lord Street, Southport, 12.00
Wigfall (Henry) and Son, Royal Victoria Hotel, Sheffield, 12.00
Wormalds, Walker and Atkinson, Dewsbury Mills, Dewsbury, West Yorkshire, 11.30

BOARD MEETINGS—
Finals:
Black Arrow
Illingworth, Morris
Stoddard
Wheyway Watson
Wiggins Construction
Interims:
Lloyds Bank
Lowe (Robert H.)
Romney Tst.

DIVIDEND & INTEREST PAYMENTS—
Anglo American Coal Crpn. 25 cts
Barlow Rand 21 cts
Capper Neill 2.1p
Dundee and London Inv. Tst. 1.25p
Forster Brothers Clothing 2.25p
General Mining Union Crpn. Prf. 3pc
General Stockholders Inv. Tst. 1.2p
Greenall Whitley 1.6275p
Do. A 0.3255p
Locker (Thomas) (Hldgs.) ord. and A ord. 0.8125p
M and G Second Dual Tst. Income 3.5p
Marks and Spencer 2.3p
Morgan Crucible 3p
Ranks Hovis McDougall 1.524p
Rowton Hotels 3.85p
Shires Inv. 8.8p
Spencer Clark Metal Inds. 0.4p
UBM Group 1p

SATURDAY JULY 18

DIVIDEND AND INTEREST PAYMENT—
Treasury stk. 9¼pc 1983 4⅝pc

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FINANCIAL TIMES

Eurobond Quotations and Yields

AIBD The Association of International Bond Dealers

AT 30th JUNE 1981

The Association of International Bond Dealers (AIBD) compiles current market quotations and yields for Eurobond issues.

These quotations and yields are published monthly by the Financial Times. The Association's prices and yields are compiled from quotations obtained from market-makers on the last working day of each month.

There is no single stock exchange for Eurobonds in the usually recognised sense—secondary market trading business is done on the telephone between dealers scattered across the world's major financial centres.

Membership of the AIBD (which was established in 1969) comprises over 550 institutions from about 30 countries.

Eurobonds in June

BY OUR EUROMARKETS STAFF

THE EURODOLLAR bond market traded within a fairly narrow range for most of June in spite of a growing consensus in Europe that U.S. interest rates had finally peaked.

The long-awaited summer rally never got off the ground. But the improved outlook for interest rates resulted in a large number of fixed interest, floating rate and convertible bond issues, all but a few of which were comfortably absorbed.

New issue activity in the D-Mark sector was limited to four issues, each paying a realistic coupon of 10¾ per cent. The weakness of the French Franc dragged the D-Mark down against an already formidable dollar at the end of the month and, at the monthly capital markets sub-committee meeting, only one new issue was firmly agreed for July.

In Switzerland, where the Swiss Franc was under less pressure than the D-Mark against the dollar, coupon rates for top quality names drifted down over the month as foreign institutional buyers returned to the market for the first time in many months.

At the start of the month, Eurodollar market analysts allowed themselves a measure of optimism as the U.S. money supply appeared to be under control and the Prime Rate moved lower.

Such optimism was confounded, however, when at mid-month the Federal Reserve began draining reserves, pushing up the Fed Funds rate and forcing a decline in bond prices. Last month's heavy volume of new issues—more than $8bn—was nonetheless quite easily placed with investors who still expect a respite in interest rates before the end of the summer.

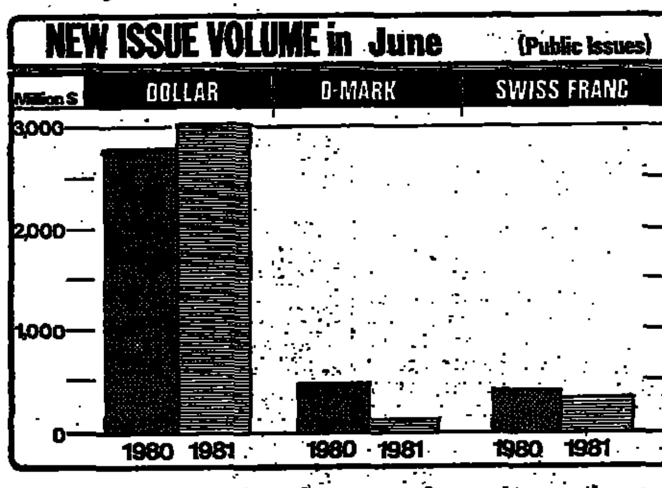
Canadian banks were prolific borrowers in the dollar sector at the start of the month as the cost of borrowing in the Eurobond market compared with their own domestic market was much lower, even after allowing for the cost of hedging in the *foreign exchange market.*

The Euromarket's first "streaker bond" appeared in June. Credit Suisse First Boston was, unsurprisingly, the inventor of the zero per cent Eurobond which was offered on behalf of Pepsico. The $75m three-year issue was priced at 67½ per cent, giving a yield to maturity of 14.14 per cent. The actual amount raised was just more than $50m.

Japanese borrowers continued to tap the market in the form of convertible bonds. The buoyancy of the Japanese stock market, together with the dollar's strength against the Yen and the low inflation rate in Japan, practically guaranteed a good reception for Japanese convertibles.

June saw the first straight dollar issue for a French borrower since M Mitterrand's victory in the French presidential elections. Caisse National des Autoroutes tapped the market for $75m with a rare 15-year issue, through Goldman Sachs and Caisse des Depots et Consignations. The managers' belief that there was a market for long-dated paper proved correct as two-thirds of the issue was sold in 24 hours.

Few borrowers were willing to pay the going rate of 10¾ per cent on D-Mark bonds. Those who did, however, found that, for two reasons, their issues were very successful. First, there have been precious few new issues this year and, second, the 10¾ per cent coupon represents a post-war record high.



Most buying interest in the D-Mark primary market came from abroad. There were strong signs, however, that foreign investors were more interested in domestic issues which, although they yield less than foreign or Euro-bonds, are far more easily tradable.

The meagre new issue calendar agreed by the German capital markets sub-committee—one new issue, a private placement of DM 150m for Renault Acceptances BV, was set for the month to July 20—spurred the secondary market in D-Mark foreign bonds which had posted considerable losses as U.S. interest rates rose and fell.

Buying of Swiss Franc bonds was focussed on the more recent, high coupon, issues as the sector saw the return of the foreign institutions which had been absent for many months. Such buyers regarded Swiss bonds as cheap not only because of their high yields but also because any decline in U.S. interest rates *should lead to a* strengthening of the Swiss franc. On the primary market, demand was very strong for better quality names, such as the City of Kobe issue at the end of the month which carried a 7 per cent coupon. The 7¾ per cent coupon, which was necessary for prime borrowers at the start of June, came down to 7-7¼ by the end of the month.

Losses were taken, inevitably, on Euro-sterling bonds after the decline of sterling early in the month against the dollar. An improvement in prices later pared price falls to about 1¼ to 2 points on average for the month.

Concern over U.S. interest rates was also evident in the Japanese Yen sector. Price movements there closely followed the European trend. Successful issues were completed for the European Investment Bank and for New Zealand. Yen bonds remain attractive for foreign investors as *a further reduction in the* Official Discount Rate is expected by October.

The Euro-guilder market in June was characterised by very small turnover and little activity in the face of high interest rates. Coupons on new issues reached 12 per cent and, at this level, the World Bank was able to complete a successful five-year issue through Algemene Bank Nederland. Dealers are optimistic that prices will remain stable in the short-term.

They are hopeful of a switch *by the big institutions into the* smaller sectors of the Eurobond market, not just the D-Mark sector, after the expected decline in U.S. interest rates in the coming months.

CONTENTS

The table of quotations and yields gives the latest rates available on June 30, 1981. This information is from reports from official and other sources which the Association of International Bond Dealers considers to be reliable, but adequate means of checking its accuracy are not available and the Association does not guarantee that the information it contains is accurate or complete.

All rates quoted are for indication purposes only and are not based on, nor are they intended to be used as a basis for, particular transactions. In quoting the rates the Association does not undertake that its members will take in all the listed Eurobonds and the Association, its members and the Financial Times Limited do not accept any responsibility for errors in the table.

COMPILED FOR THE ASSOCIATION OF INTERNATIONAL BOND DEALERS BY dataSTREAM International Ltd

Issued/Amt. O/S (mln)	Year of issue/Issue price	Borrower/Coupon maturity	Price	Yield to maturity/to aver. life	Current yield
		US DOLLARS-ALGERIA			
25	1977 100.00	BQUE EXT D'ALGERIE 9.00 15/ 8/1982	85 1/2	20.25	10.06
		US DOLLARS-ARGENTINA			
50	1979 98.50	ARGENTINE REPUBLIC 9.875 1/ 8/1984	84 1/4	16.00	11.72
		US DOLLARS-AUSTRALIA			
30 3.3	1963 97.50	AUSTRALIA,COMMONWEALTH 5.00 1/ 4/1983 S	87	14.09 20.83	5.83
30 2.5	1962 97.50	AUSTRALIA,COMMONWEALTH 5.50 1/ 7/1982 S	92	14.86 24.62	6.07
25 2.1	1962 99.00	AUSTRALIA,COMMONWEALTH 5.50 1/10/1982 S	90 3/4	14.24 20.05	6.15
25 3.6	1965 98.50	AUSTRALIA,COMMONWEALTH 5.50 1/ 5/1985 S	85	10.60 13.59	6.38
25 7.0	1965 99.75	AUSTRALIA,COMMONWEALTH 5.75 1/11/1985 S	83 1/2	10.87 14.78	7.00
25 6.2	1967 97.50	AUSTRALIA,COMMONWEALTH 6.50 15/ 6/1982	93 1/2	14.21	6.95
100	1977 100.00	AUSTRALIA,COMMONWEALTH 7.50 1/ 9/1984	83 3/4	14.19	8.96
150	1978 100.00	AUSTRALIA,COMMONWEALTH 8.00 1/ 4/1982	94	16.97	8.51
125	1976 99.88	AUSTRALIA,COMMONWEALTH 8.125 15/11/1983 S	87 1/2	15.05	9.50

Issued/Amt. O/S (mln)	Year of issue/Issue price	Borrower/Coupon maturity	Price	Yield to maturity/to aver. life	Current yield
		US DOLLARS-AUSTRALIA (CONTINUED)			
50 46.5	1977 100.00	WESTERN MINING CORP 9.00 15/10/1992	73 [illegible]	[illegible]	[illegible]
13 10.5	1975 99.00	WESTERN MINING CORP 9.75 1/ 5/1982	92 [illegible]	[illegible]	[illegible]
		US DOLLARS-AUSTRIA			
18 3.6	1964 99.00	AUSTRIA,REPUBLIC OF 6.00 31/ 1/1984 S	91 7/8	[illegible]	[illegible]
23 2.2	1967 98.50	AUSTRIA,REPUBLIC OF 6.75 15/ 3/1982 S	92 3/8	[illegible]	[illegible]
50	1977 100.00	AUSTRIA,REPUBLIC OF 7.80 15/ 7/1984 S	83 5/8	[illegible]	[illegible]
50 50.0	1977 100.00	AUSTRIA,REPUBLIC OF 8.625 15/ 7/1992 S	70 5/8	[illegible]	[illegible]
50 39.0	1976 100.00	AUSTRIA,REPUBLIC OF 8.75 15/ 8/1990	75	[illegible]	[illegible]
50	1975 100.00	AUSTRIA,REPUBLIC OF 9.00 15/ 7/1982 S	94	[illegible]	[illegible]
12 4.2	1965 97.00	ALPINE MONTAN STEEL 5.75 15/ 6/1985	85 1/2	[illegible]	[illegible]
15 5.4	1966 96.50	AUSTRIAN ELECTRICITY 6.625 1/ 7/1986 S	97 1/2	[illegible]	[illegible]
18 2.8	1967 96.50	AUSTRIAN ELECTRICITY 6.75 1/10/1982 S	97 1/2	[illegible]	[illegible]
50	1977 100.50	OSTERREICHISCHE KONTROLLBANK 7.50 1/10/1982	90 1/2	[illegible]	[illegible]

US DOLLARS-STRAIGHT (CONTINUED)

ISSUED/ AMT. O/S ($M)	YEAR OF ISSUE/ ISSUE PRICE	BORROWER/ COUPON MATURITY		PRICE	YIELD TO MATURITY/ TO AVER. LIFE	CURRENT YIELD
20 12.5	1976 99.50	SPAREBANKERNAS BANK 8.75 1/ 9/1983		92 3/4	12.74 15.71	9.43
30 21.5	1977 100.00	SPAREBANKERNAS BANK 8.75 15/ 1/1988		77 3/8	14.26 17.70	11.31
40	1977 100.50	STATSFORETAG 7.75 1/ 2/1982		94 3/8	17.91	8.19
50 50.0	1977 100.00	STOCKHOLM, CITY OF 8.875 15/ 2/1992	S	71	14.75 17.27	12.09
60 60.0	1979 99.00	STOCKHOLM, CITY OF 9.75 15/ 3/1994	S	73 1/4	14.90 16.25	13.75
30 24.0	1976 99.00	SVENSKA HANDELSBANKEN 9.25 1/ 3/1986		82 1/8	14.77 17.14	11.26
45	1981* 100.00	SVENSKA HANDELSBANKEN 13.75 15/ 4/1988		93	15.45	14.78
25 8.8	1976 100.00	SWEDISH EXPORT CREDIT 7.875 15/10/1983	P S	92 1/2	12.03 15.06	8.69
25 4.0	1975 99.00	SWEDISH EXPORT CREDIT 9.00 15/ 4/1982		94 1/2	16.82	9.52
20 13.7	1979 100.00	SWEDISH EXPORT CREDIT 9.50 15/ 4/1986	P S	84 1/2	14.53 17.34	11.56
50	1980* 99.75	SWEDISH EXPORT CREDIT 12.00 1/10/1985		92 3/4	15.99	12.94
40	1980 99.50	SWEDISH EXPORT CREDIT 12.50 1/ 5/1985		91 3/4	15.47	13.62
75	1981* 100.00	SWEDISH EXPORT CREDIT 13.00 15/ 7/1986		91 3/8	15.72	14.23
30	1981* 99.50	SWEDISH EXPORT CREDIT 15.75 1/ 6/1985		100 5/8	15.53	15.65
15 10.5	1973 100.00	SWEDISH INVESTMENT BANK 7.50 15/ 1/1988		73	14.05 17.77	10.27
15 10.5	1972 99.00	SWEDISH INVESTMENT BANK 7.75 1/11/1987		75 5/8	13.73 17.34	10.25

Issued Est. O/S (Amt)	Year of Issue/ Issue Price	Borrower/ Coupon Maturity	Price	Yield to Maturity/ To Aver. Life	Current Yield
		US DOLLARS–FLOATING RATE (CONTINUED)			
150	1979 100.00	SWEDEN,KINGDOM OF * 1/4 16.625 18/10/1991 Q	97 1/2		17.05
35	1979 100.00	TEXAS INT AIR CAP 7:3/4 16.75 11/ 4/1986 Q	91 1/4		18.36
25	1979 100.00	THAI FARMER INT 7.25:1/4 18.00 21/ 6/1984 S	98 1/2		18.27
30	1979 100.00	THAILAND,KINGDOM 7:1/4 15.813 15/ 3/1984 S	98 3/8		16.07
40	1979 100.00	TRADE DEV FIN SERV 6:1/4 17.688 21/ 8/1986 S	98 3/4		17.91
30	1979 100.00	TWO POWER (D-LOCK) 9:1/4 18.25 24/ 5/1991 S	97		18.81
25	1977 100.00	U.B.A.F. 7.25:1/4 17.75 7/12/1982 S	99 7/8		17.77
25	1977 100.00	U.B.A.F. 6.75:1/4 15.25 23/ 3/1982 S	99 1/2		15.53
65	1979 100.00	U.B.A.F. 5.5:1/4 15.875 9/ 1/1990 S	97 3/8		16.30
30	1977 100.00	UNION BK-FINLAND 6.5:1/4 16.813 20/ 4/1982 S	100		16.81
20	1980* 100.00	UNION BANK NORWAY 6:1/4 16.063 8/ 1/1989 S	98 1/8		16.37
25	1976 100.00	UNITED OVERSEAS BK 7:1/4 18.188 24/11/1981 S	100 1/4		18.14
25	1978 100.00	UNITED OVERSEAS BK 6:1/4 19.563 4/ 5/1983 S	100 7/8		19.39
25	1979 100.00	UNITED OVERSEAS BK 6:1/4 19.00 29/ 3/1989 Q	99 1/8		19.17
25	1976 100.00	URQUIJO INTL 7.25:1/4 18.063 21/12/1981 S	100 1/8		18.04
30	1979 100.00	URQUIJO INTL 6:1/4 14.063 21/ 3/1986 S	98 1/4		14.31
25	1976 100.00	VIZCAYA INT 7.25:1/4 19.438 12/11/1981 S	100 1/2		19.34
25	1980* 100.00	JIM WALTER INT 6:1/2 18.125 15/ 1/1988 S	97 7/8		18.52
40	1977 100.00	WILLIAMS & GLYNS 6.5:1/4 17.125 28/ 2/1984 S	100		17.13
75	1979 100.00	WILLIAMS & GLYN 5.25:1/4 15.938 14/ 9/1991 S	98 1/4		16.22
30	1981* 100.00	ZENTRAL UND KOM 5.25:1/4 5.25 9/ 7/1991 S	98 5/8		5.32
		AUSTRALIAN DOLLARS			
15	1976 99.25	AUSTRALIAN IND DEV CORP 10.00 1/10/1983	90 1/2	15.22	11.05
30	1980* 99.50	AUSTRALIAN IND DEVT CORP 12.25 15/10/1985	92 1/8	14.80	13.30
10	1977 100.00	AUSTRALIAN RESOURCES 10.00 1/12/1982	92 1/4	16.40	10.84
15	1978 100.00	CITICORP O/S FIN 88 10.50 15/ 2/1983	91 1/2	16.76	11.48
15	1979 99.50	CITICORP O/S FIN 89 11.00 1/ 2/1984	91 1/4	15.25	12.05
12	1978 100.00	BANK OVERSEAS HOLDINGS 11.50 1/ 7/1983	91 5/8	16.76	12.55
		AUSTRIAN SCHILLINGS			
150 45.0	1971 98.50	ASIAN DEVELOPMENT BANK 7.00 20/12/1983 S	98	8.06 9.97	7.27
350 326.7	1979 99.50	EUROFIMA 8.00 4/12/1994	88 1/8	9.60 10.49	9.08
400	1978 99.80	EUROPEAN INVESTMENT BANK 7.75 22/12/1986	86 3/4	11.08	8.93
350 350.0	1976 97.25	EUROPEAN INVESTMENT BK P 8.00 20/10/1986	93 1/8	9.70 10.97	8.59
500	1979 99.50	EUROPEAN INVESTMENT BANK 8.00 28/12/1989	84 3/4	10.81	9.44
300 300.0	1976 97.25	INTER-AMERICAN DEV BK D 8.00 17/12/1986	92 5/8	9.78 11.04	8.64
400	1979 99.50	INTER-AMERICAN DEV BANK 8.00 21/12/1989	84 1/2	10.87	9.47
1	1980 99.50	WORLD BANK 8.00 1/ 2/1990	86 7/8	10.36	9.21
		BAHRAINI DINARS			
12 12.0	1977 100.00	NAT ALGERIE NAV R82 8.75 1/ 8/1987	98 1/2	9.07 9.27	8.88
15 15.0	1977 100.00	PETROLEOS MEXICANOS R82 8.75 15/11/1987	94	10.05 10.50	9.31
		CANADIAN DOLLARS			
25	1977 99.50	AMERICAN HOSPITAL SUPPLY 8.75 15/10/1984	81 3/4	16.29	10.70
20	1977 100.00	AVCO FIN SERV-CANADA 9.50 1/ 8/1982	89 5/8	21.08	10.60
25	1979 99.25	AVCO FIN SERV-CANADA 10.25 15/ 5/1986	76 1/2	17.83	13.40
50	1980* 100.00	BANKMONT REALTY CO 12.75 15/ 9/1988	86	16.13	14.83
10	1979 100.00	BANK OF BRITISH COLUMBIA 10.25 15/ 5/1989	78	15.21	13.14
50	1976 100.00	BANK OF MONTREAL 9.00 15/ 9/1982	92 1/2	16.21	9.73
30	1977 99.75	BANQUE CANADIENNE NAT 8.25 15/ 2/1982	93	21.00	8.87
15	1976 100.00	BANQUE CANADIENNE NAT 9.25 15/ 4/1982	93 1/4	19.03	9.92
20	1976 99.50	B.C CENTRAL CREDIT UNION 9.75 22/12/1981	95 3/4	19.36	10.18
25	1977 100.00	BM-RT 8.75 1/ 6/1982	93 1/8	17.41	9.40
60	1979 100.00	BELL-CANADA 10.75 1/10/1986	87 1/4	14.33	12.32
50	1977 99.00	BENEFICIAL FIN INT 9.00 15/ 2/1984	83 1/8	17.47	10.83
25	1975 100.00	BENEFICIAL FIN INT R79 9.75 15/12/1982	89 3/4	18.20	10.86
20	1975 100.00	BENEFICIAL FIN INT 10.25 15/10/1981	96 1/2	23.12	10.62

30th JUNE 1981

WestLB Euro-Deutschmarkbond Quotations and Yields

Issue	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment D-mandatory-drawing by lot at par S-sinking fund P-purchase fund
8% ADELA 76/83					
7¾% ADELA 77/82 PP	85.00	9.41	18.74	1.75	1. 4.83
7% ADELA 77/82 PP	90.00	8.06	19.88	0.96	16. 6.82
7½% African Dev. Bank 79/86	89.00	7.87	19.13	1.08	1. 8.82
8% African Dev. Bank 79/87	83.00	9.34	12.58	4.92	1. 6.86
6½% Airport Paris 69/84 PP (G)	84.25	9.50	11.63	6.33	1.11.87
9% AKZO 76/82 PP	91.25	7.12	12.73	1.63	1. 3.75—84D
7½% AKZO 76/83 PP	96.50	9.33	15.43	0.58	1. 2.82
6% AKZO 78/84 PP	90.00	8.61	14.03	1.92	1. 6.83
6½% AKZO 79/86 PP	81.25	7.38	14.74	2.75	1. 4.84
9% AKZO 80/90	80.00	8.13	12.37	4.67	1. 3.86
8½% Alusuisse Int'l. 75/83	92.25	9.76	10.37	8.87	15. 5.86—90S
5½% American Expr. Int'l. 78/87	96.50	8.55	10.77	1.57	1. 8.81—83D
6¾% AMEX Int'l. 77/84 PP	82.00	6.71	9.86	5.54	15. 1.87
10% A.P.E.L. 74/81 (G)	87.50	7.71	12.35	2.75	1. 4.84
7¾% ARBED Finance 76/83 PP	99.25	10.08	11.60	0.42	1.12.77—81D
6¾% ARBED Finance 77/87	89.25	8.68	13.35	2.33	1.11.83
7½% ARBED Finance 78/86 PP	75.50	8.94	12.92	5.92	1. 6.83—87S
9% ARBED Finance 80/87 PP	78.50	9.55	13.44	5.25	1.10.86
6¾% Ardal-Sunndal 77/89 PP	86.50	10.40	12.34	5.92	1. 6.87
10¾% Ardal-Sunndal 81/89	80.00	8.44	13.30	4.18	1. 7.82—89D
7½% Argentine 77/84	100.85	10.68	10.59	7.99	1. 7.89
8½% Argentine 78/85	84.00	8.93	13.91	3.25	1.10.84
6½% Argentine 78/88	78.75	8.25	14.31	3.87	1. 3.86
7½% Argentine 79/89	73.00	8.90	14.15	5.20	1.11.84—88D
7% Asian Dev. Bk. 69/84	74.00	10.14	12.97	7.88	1. 5.85—89S
8% Asian Dev. Bk. 76/82	99.75	7.02	7.21	3.17	1. 9.75—84S
7¾% Asian Dev. Bk. 76/83 PP	97.00	8.25	12.80	0.67	1. 3.82
7% Asian Dev. Bk. 77/85	92.50	8.38	12.74	1.75	1. 4.83
6½% Asian Dev. Bk. 78/88	88.25	7.93	10.97	3.75	1. 4.85
7¾% Asian Dev. Bk. 79/89	75.10	7.32	10.84	6.83	1. 5.88
8¾% Asian Dev. Bk. 80/90	80.35	9.02	11.04	8.08	1. 8.89
10% Asian Dev. Bk. 80/90	88.25	9.71	10.77	9.33	1.11.90
10% Asian Dev. Bk. 81/91	97.65	10.24	10.41	8.83	1. 5.90
7½% Aumar 73/88 (G)	98.25	10.18	10.28	9.75	1. 4.91
9% Aumar 76/84 (G)	90.00	8.33	11.45	3.37	1. 2.79—88D
7¾% Aumar 77/84 (G)	94.25	9.55	11.26	3.12	15. 8.77—84S
6½% Australia 67/82	88.75	8.73	12.47	3.00	1. 7.84
6¼% Australia 68/83	99.50	6.53	6.87	1.33	1.11.73—82S
6½% Australia 69/84	99.50	6.78	7.13	2.08	1. 8.74—83S

WestLB SD Certificates (Schuldschein-Index)

5 years maturity: 11.15%

WestLB Euro-Deutschmarkbond Yield Index

June 30, 1981: 11.31% (May 29, 1981: 11.35%)

CONVERTIBLES (CONTINUED)

[illegible]

WestLB Euro-Deutschmarkbond Quotations (Continued)

Issue	Middle Price	Current Yield	Yield to Maturity**	Life*	Repayment: D-mandatory drawing at par; S-sinking fund; P-purchase fund
10¼% Svenska Hdl. Bk. 81/87	98.00	10.46	10.72	6.30	29.10.87
6¾% Sveriges Inv. Bk. 72/87	90.25	7.48	9.01	5.67	1. 2.75—87S
7% Sveriges Inv. Bk. 73/88	91.50	7.65	8.72	6.67	1. 3.79—88S
8½% Sveriges Inv. Bk. 75/83	98.50	8.63	9.37	1.92	1. 6.80—83S
6½% Sweden 77/84	89.00	7.30	11.22	2.83	1. 5.84
6% Sweden 77/89	75.50	7.95	10.51	8.42	1.12.83—89S
7¾% Sweden 78/88	85.50	9.06	10.52	8.00	1. 7.88
7½% Sweden 78/89 PP	81.50	9.20	11.07	8.08	1. 8.89
8% Sweden 80/87 PP	86.00	9.30	11.49	5.62	16. 2.87
9¾% Sweden 80/87	99.55	9.78	9.81	5.75	1. 4.87
9% Sweden 80/87 PP	91.00	9.89	11.18	5.87	15. 5.87
9¼% Sweden 80/87 PP	92.00	10.05	11.05	6.33	1.11.87
7⅞% Sweden 80/90	84.75	9.29	10.54	9.17	1. 9.90
9½% Swedish Export 80/87	95.75	9.92	10.42	6.42	1.12.84—87S
9% Tauernautobahn 75/82 PP (G)	97.25	9.25	13.37	0.67	1. 3.82
9% Tauernautobahn 75/83 PP (G)	94.75	9.50	12.60	1.67	1. 3.83
5½% Tauernautobahn 78/93 (G)	71.10	7.74	9.73	11.75	1. 4.84—93S
8½% Tauernautobahn 80/90 PP (G)	86.00	9.88	10.96	9.28	16.10.90
7% Tauernkraftwerke 68/83 (G)	95.50	7.33	11.92	1.07	1. 2.74—83D
6½% Tauernkraftwerke 68/83 (G)	98.00	6.63	7.65	2.17	1. 9.74—83S
8% Tinpfinco 73/93	82.90	9.65	10.63	12.33	1.11.82—93S
9½% Tenpfinco 75/82 PP	97.00	9.79	14.33	0.68	1. 3.82
6¼% Thailand 78/83 PP	90.00	6.94	12.95	1.75	1. 4.83
8½% Thyssen Car. Fin. 75/82 PP	96.25	8.83	13.95	0.75	1. 4.82
8¼% Thyssen Car. Fin. 75/82 PP	94.75	8.71	14.25	1.00	1. 7.82
7¼% Tokyo El. Power 69/84	93.90	7.72	11.28	1.85	1.12.75—84D
6½% Tokyo El. Power 79/85	85.90	7.57	11.21	3.83	1. 5.85
5½% Toyo Rubber 78/83 PP	86.25	6.38	12.89	2.25	1.10.83
6½% Traf. House Fin. 72/87	87.00	7.47	9.33	6.25	1.10.78—87S
6% Trinidad & Tobago 78/83	89.25	6.72	13.23	1.75	1. 4.83
6¾% Trondheim 68/83	95.25	7.09	9.18	2.42	1.12.72—83S
5¾% Trondheim 78/88	78.00	7.37	11.15	5.71	1. 4.86—88D
7½% T R W Int. Fin. 69/84	94.00	7.98	9.92	3.25	1.10.76—84S
6% T V O Power 78/88 (G)	78.00	7.69	10.83	6.58	1. 2.84—88S
5¾% UDS Group 78/83	87.25	6.59	12.83	2.17	1. 9.83
9¾% Unilever 74/81 PP	99.00	9.85	12.00	0.42	1.12.81
8½% Unilever 75/87	96.25	8.83	9.35	5.83	1. 5.81—87S
6½% Union Bank Finland 78/88	78.50	8.28	10.83	7.46	16.12.84—88S
5¾% Uniroyal 78/84 PP	79.50	7.23	14.44	3.08	1. 8.84
6¾% Unit. Arab. Emirats. 77/82 PP	91.50	7.38	18.61	0.83	30. 4.82
7% Venezuela 68/83	95.00	7.37	9.74	2.25	1.10.74—83S
6% Venezuela 78/88	71.75	8.36	12.47	6.67	1. 3.84—88S
6½% Venezuela 78/90	72.75	8.93	11.37	9.33	1.11.85—90S
8¾% Venezuela 80/90	83.50	10.43	10.87	9.33	1.11.88—90
8¼% Vienna 75/84	94.75	8.71	11.24	2.05	1. 8.79—84D
5¾% Vienna 77/84 PP	84.50	6.80	11.40	3.45	15.12.84
8½% Voest-Alpine 73/88	92.15	9.22	10.06	7.25	1.10.79—88S
8½% Voest-Alpine 75/85	94.75	8.97	11.14	2.35	1. 6.81—85D
6¾% Voest-Alpine 77/89	83.50	8.08	11.04	5.26	1. 6.84—89D
6½% Wells-Fargo ex w. 73/88	83.00	7.83	9.85	7.33	1.11.79—88S
8¾% Westland-Utrecht 80/85 PP	91.00	9.62	11.88	3.67	1. 3.85
9% Westland-Utrecht 80/87 PP	91.50	9.84	10.90	6.33	1.11.87
5½% Worldbank 65/85	97.50	5.64	6.35	3.75	1. 4.71—85S
6½% Worldbank 68/84 PP	92.00	7.07	12.75	1.46	2. 1.77—84D
6½% Worldbank 69/84	93.50	6.95	10.65	1.88	1. 6.75—84D
6½% Worldbank 69/84 PP	92.00	7.07	12.75	1.46	2. 1.77—84D
6% Worldbank 68/84 PP	90.00	6.67	12.83	1.71	1. 4.77—84D
8% Worldbank 70/86	94.25	8.49	10.80	2.40	1. 1.77—86D
7½% Worldbank 71/86 I	92.50	8.11	10.71	2.82	1. 6.77—86D
7½% Worldbank 71/86 II	91.90	8.16	11.01	2.76	1.12.77—86D
6½% Worldbank 72/82	95.00	6.84	12.11	1.00	1. 7.82
6¾% Worldbank 72/87	89.00	7.58	11.22	3.01	1. 3.78—87D
6¾% Worldbank 73/83	93.25	7.24	11.59	1.58	1. 2.83
6¼% Worldbank 73/88	86.25	7.39	11.18	3.62	1. 5.79—88D
8¼% Worldbank 75/82 PP	96.50	8.55	12.48	0.82	1. 6.82
8% Worldbank 75/82	95.75	8.35	11.38	1.42	1.12.82
8¼% Worldbank 76/83	97.20	8.49	9.86	2.00	1. 7.83
8% Worldbank 76/82 PP	95.00	8.42	13.21	1.08	1. 8.82
7¾% Worldbank 76/82 PP	94.50	8.20	12.70	1.25	1.10.82
7½% Worldbank 76/83	93.35	8.03	11.70	1.83	1. 5.83
7¾% Worldbank 76/83	93.45	8.29	11.16	2.25	1.10.83
6¾% Worldbank 76/83 PP	90.00	7.50	11.69	2.42	1.12.83
8% Worldbank 76/84	95.90	8.34	9.83	2.58	1. 2.84
5½% Worldbank 77/82 PP	91.25	6.03	13.81	1.21	15. 9.82
7% Worldbank 77/85 PP	86.25	8.12	11.81	3.68	1. 3.85
6½% Worldbank 77/85 PP	86.00	7.56	11.17	3.83	1. 5.85
6% Worldbank 77/85	85.25	7.04	10.50	4.21	15. 9.85
7% Worldbank 77/87	85.50	8.19	10.59	5.50	1. 1.87
6½% Worldbank 77/87	83.00	7.83	10.54	5.83	1. 5.87
5¾% Worldbank 78/84	86.50	6.65	11.15	3.08	1. 8.84
6% Worldbank 78/88	78.00	7.69	10.56	7.08	1. 8.88
6¼% Worldbank 78/88	78.50	7.96	10.56	7.42	1.12.88
5¾% Worldbank 78/90	76.65	7.50	10.62	7.02	1. 2.87—90D
7% Worldbank 79/85 PP	86.50	8.09	11.03	4.08	1. 8.85
7¼% Worldbank 79/87 PP	82.25	8.66	11.31	6.08	1. 8.87
7¾% Worldbank 79/91	84.25	9.20	10.35	10.00	1. 7.91
10% Worldbank 80/86	102.50	9.76	9.32	4.83	1. 5.86
8½% Worldbank 80/88 PP	89.00	9.55	10.83	6.92	1. 6.88
9% Worldbank 80/88 PP	91.50	9.84	10.81	6.83	1. 5.88
7⅞% Worldbank 80/90	85.75	9.18	10.47	8.50	1. 1.90
7⅞% Worldbank 80/90 II PP	85.25	9.24	10.57	8.50	1. 1.90
10% Worldbank 80/90	100.25	9.98	9.84	8.83	1. 5.90
8% Worldbank 80/90	87.00	9.20	10.26	9.08	1. 8.90
7¾% Worldbank 80/88 PP	85.00	9.12	10.89	7.08	1. 8.88
9¼% Worldbank 81/91	95.50	9.69	9.99	9.50	1. 1.91
10% Worldbank 81/91	99.75	10.03	10.03	9.83	1. 5.91
6¾% Yokohama 68/83 (G)	99.00	6.82	7.38	2.17	1. 9.72—83S
7% Yokohama 69/84 (G)	96.25	7.27	8.51	3.25	30. 8.73—84S
8% Yokohama 71/86 (G)	98.50	8.12	8.37	5.08	1. 8.77—86S
8% Yugosl. Inv. Bank 77/84 PP	90.25	8.86	11.54	3.46	15.12.79—84S

AIBD

EXPLANATORY NOTES AND ABBREVIATIONS

SPECIAL REFERENCES

1. General—attached to name of borrower

D	=	Domestic Management Group
L	=	Bondholders option to redeem loan prior to maturity or to extend maturity
P	=	Private or semi-private placement
MC	=	Principal/Interest payable in more than two currencies
W	=	Withholding taxes (with percentage rate %).
WW	=	With warrants
XW	=	Ex warrants

2. £/DM issues

The figures shown are the fixed £/DM parities which prevail over the lives of the issues.

3. Floating rate issues

The figures given are the minimum coupon rate: % margin above LIBOR.

4. Attached to maturity description

S	=	Semi-annual payments
Q	=	Quarterly payments

5. Convertible issues

The share price is always denominated in the same currency as the conversion price. Please note that where the premium exceeds 200% no fig. is shown in premium/discount column.

The following convertible bonds are subject to convertibility into the indicated stocks.

NAME OF BOND			CONVERTIBLE INTO
American Tobacco Int.	5¼	1988	American Brands Inc.
Asia Navigation Int.	6½	1989	East Asia Navigation Co.
Bankers Int. (Lux.)	5	1986	Bankers Trust New York
Broadway—Hale Stores	4¾	1987	Carter Hawley Hale
Burmah Oil	5½	1988	Shell Transport & Trading
Chevron Oil O/S	5	1988	Standard Oil of California
Dart Industries	4¾	1987	Minnesota Mining & Manufacturing
Inter-Continental Hotels	7	1986	Pan-Am World Airways
Int. Standard Elec.	5	1988	International Tel & Tel
Int. Standard Elec.	5¼	1988	International Tel & Tel
Int. Standard Elec.	6¼	1989	International Tel & Tel
ISE Finance Holding	4½	1986	International Tel & Tel
Leasco Int.	5	1989	International Tel & Tel
Levin-Townsend Int. Fin.	5	1988	Rockwood Computer
Norwich OS	4¾	1983	Morton-Norwich Products
Owens-Illinois	4½	1987	Owens-Corning Fibreglass
Plywood Champion Int.	5½	1983	Champion Int.

COUNTRY	ISSUE/COUPON/MATURITY			EXCHANGE RATE	
DENMARK	Novo Industri	7	1989	D.Kr.5.344	= $1
FRANCE	Michelin Int. Dev.	6	1985	F.Fr.5.554	= $1
HONG KONG	Asia Navigation Int.	6½	1989	$HK5.07	= $1
ISRAEL	Laumi Int. Inv.	7	1984	£I 10.1026	= $1
JAPAN	Asahi Chemical	6¼	1990	Yen 303.0	= $1
	Asahi Optical	6	1992	Yen 282.0	= $1
	Asahi Optical	7	1994	Yen 222.13	= $1
	Asics	5¾	1993	Yen 216.0	= $1
	Canon Inc.	6¾	1994	Yen 216.45	= $1
	Dai Nippon Printing	6¼	1986	Yen 360.0	= $1
	Daiei Inc.	6	1991	Yen 300.0	= $1
	Daiei Inc.	6½	1994	Yen 224.3	= $1
	Daiwa House Ind.	7¼	1991	Yen 301.0	= $1
	Hitachi Ltd.	6¾	1984	Yen 380.0	= $1
	Hokushin Electric	6¼	1992	Yen 248.0	= $1
	Honda	5½	1989	Yen 201.60	= $1
	Ito-Kokado	5¾	1993	Yen 213.5	= $1
	Ito-Kokado	6	1992	Yen 272.0	= $1
	Jusco	6	1992	Yen 227.4	= $1
	Kao Soap	6	1992	Yen 266.0	= $1
	Komatsu Manf.	6¼	1984	Yen 360.0	= $1
	Komatsu Ltd.	7¾	1990	Yen 294.2	= $1
	Kubota	6¾	1991	Yen 303.0	= $1
	Marui	6½	1991	Yen 299.0	= $1
	Matsushita Elec.	6¾	1990	Yen 303.0	= $1
	Meidensha	11	1994	Yen 223.82	= $1
	Mitsubishi Elec.	7	1985	Yen 360.0	= $1
	Mitsubishi Gas Chem.	6	1992	Yen 272.0	= $1
	Mitsubishi Heavy Ind.	6½	1991	Yen 305.55	= $1
	Mitsubishi Corp.	6	1992	Yen 267.0	= $1
	Mitsubishi Corp	7½	1990	Yen 293.0	= $1
	Mitsubishi Corp.	6¾	1991	Yen 301.0	= $1
	Mitsubishi Corp.	7¼	1994	Yen 224.74	= $1
	Mitsui & Co.	7¼	1990	Yen 298.0	= $1
	Mitsui & Co.	8¼	1989	Yen 299.0	= $1
	Mitsui Real Estate	6	1992	Yen 267.8	= $1
	Nippon Seiko	7¼	1994	Yen 224.48	= $1
	Nitto Elec. Ind.	6	1992	Yen 264.13	= $1
	Nitto Elec.	6	1994	Yen 219.64	= $1
	Ricoh	6¼	1991	Yen 295.0	= $1
	Sanyo Electric	6¾	1991	Yen 293.55	= $1
	Sanyo Electric	7½	1990	Yen 302.17	= $1
	Settsu Paperboard	6½	1992	Yen 243.0	= $1
	Sumitomo Elec.	6	1992	Yen 267.0	= $1
	Sumitomo Metal	6	1992	Yen 287.5	= $1
	Takeda Chemical	6	1984	Yen 380.0	= $1
	Takuni Dept. Store	6	1992	Yen 268.0	= $1
	Toshiba	6¾	1992	Yen 254.0	= $1
	Toshiba	6¾	1990	Yen 295.8	= $1
	Toshiba	7¼	1994	Yen 226.45	= $1
NETHERLANDS	Ennia	7¼	1992	D.Fl.2.4565	= $1
	All other issues			D.Fl.3.60	= $1
SINGAPORE	Dev. Bank of Singapore	6½	1991	S$2.44	= $1
	United Overseas Bank	6½	1988	S$2.32	= $1
SOUTH AFRICA	Rand Selection Corp.	6½	1986	RD0.7143	= $1
SWEDEN	Aga	7¼	1989	SwKr4.31125	= $1
	Esselte	7¾	1989	SwKr4.35875	= $1
	Sandvik	6¾	1988	SwKr4.7825	= $1
UK	Babcock Nederland	7	1991	£0.574	= $1
	Beecham Fin.	6¼	1992	£0.574	= $1
	Boots	6¼	1993	£0.529	= $1
	Burmah Oil	6½	1988	£0.417	= $1
	Burton B.V.	5¾	1982	FFr.11.88225	= $14
	Compair (UK)	8½	1987	£0.582	= $1
	ICI Int. Fin.	6½	1997	£0.574	= $1
	Inchape (Bermuda)	6¾	1992	£0.582	= $1
	Rank Organisation	4¼	1993	£0.425	= $1
	Slater Walker	5¾	1987	£0.385	= $1
	Thorn Int. Fin.	7	1988	£0.530	= $1

Union Bank of Switzerland (Lux.) 5% 1981 differs from other convertibles in that the bonds are denominated US$1350 and each bond is convertible into 1 Bearer share of S.Fr.500 nominal value of UBS.

Credit Suisse (Bahamas) 4¾ 1991 differs from other convertibles in that the bond is denominated US$1000 and each bond is convertible into 1 Bearer Share of S.Fr.500 nominal value of Credit Suisse.

The following convertible issues have conversion rights which expire prior to maturity.

NAME OF BOND		MATURITY	CONVERSION RIGHTS EXPIRE
Asahi Chemical	6¼	30/9/1990	15/9/1990
Dai Nippon Ptg.	6¼	31/5/1986	30/4/1986
Hitachi	6¾	30/9/1984	31/8/1984
Mitsubishi Elec.	7	31/3/1985	28/2/1985
Rand Selection	6½	1/3/1986	31/1/1986
Takeda Chem.	6	31/3/1984	28/2/1984
Toshiba	6¾	30/9/1990	15/9/1990

6. Denomination of non-dollar bonds

Euro-guilders — all denominated	Fl. 10,000
French Francs — all denominated	FFr. 5,000
with the exception of	
Aerospatiale	FFr. 10,000
European Coal & Steel 7% 1980	FFr. 10,000
European Coal & Steel 7½% 1991	FFr. 10,000
Francaise de Petroles — BP	FFr. 10,000
Philips Lamps 10¼% 1980	FFr. 50,000
Roussel — Uclaf	FFr. 10,000
SOPAD	FFr. 50,000
STERLING-DEUTSCHE MARKS	
Enso Gutzeit 6½% 1980	£100; £500
ICI 8% 1986	£500
Ireland 7% 1981	£500; £500
Ireland 7% 1988	£500
Met. Estates 6¾% 1987	£500
New Zealand 6¾% 1982	£90; £450
Rothmans Int. 6¾% 1992	£500
Sira Kvina 7¼% 1983	£100; £500
Turin 6½% 1984	£100; £500
US Rubber 6% 1989	£100; £500

7. Yield calculations

All yields are calculated on annual rates e.g. a 10% bond standing at par, paying interest once p.a. will have a current and maturity yield of 10%. A 10% bond paying semi-annually would yield 10.25%. Market practice demands that the current yield on $ floating rate bonds is calculated as coupon/price.

8.

These securities have not been registered under the Securities Act of 1933 and may not be offered or sold directly or indirectly in the United States, its territories or possessions, or to nationals or residents thereof.

The information is from reports from official and other sources which we consider reliable, but adequate means of checking its accuracy are not available and we do not guarantee that the information contained herein is accurate or complete.

9. Other notes

The amounts shown as remaining outstanding are estimated by applying the scheduled sinking fund instalments. These are further adjusted where a non-cumulative option to double sinking fund payments has been exercised.

Yields are calculated in accordance with Rule 803 of Statutes, By-Laws, Rules and Recommendations of the AIBD using compound interest throughout. Negative yields are not shown.

The maturity, average life and first call yields are adjusted to a 360 day annual rate.

Yield to next call is shown on the basis that the borrower gives notice that he wishes to call the bond as soon as possible after the date of publication of this list.

Unit of account bonds

The new units of account formula applies to issues from 1973 onwards and the old formula to issues in or prior to 1972.

All payments of interest and capital of EUA bonds are made on the basis of the strongest reference currency, which means that the bondholder receives the equivalent in his own currency of the EUA/strongest reference currency parity prevailing at the time of payment. The EUA can thus at any given time be identified with the strongest reference currency. For convenience sake, however, bonds are quoted on the secondary market on the basis of the EUA/DM parity prevailing at the time of quotation. In order to be correct, yields for EUA bonds should be calculated on the basis of the strongest reference currency. For this purpose the price in DM is converted into the price in the strongest reference currency, taking into account the premium (if any) of the strongest reference currency against the DM. It is on the thus reduced price that the yield calculations are made.

هكذا من الأصل

INVESTMENT FUNDS

The following funds include Eurobond issues within their portfolios

Quotations & yields as at 30th June, 1981

SOCIETE GENERAL De BANQUE
BANQUE GENERALE Du LUXEMBOURG

Funds 30/6/81	Price	First Issue Price	Yield %	Div. Date	1/7/80 High	30/6/81 Low	1/7/78 High	30/6/81 Low
Rentinvest	LuxFr 833	LuxFr 1000	9.09	20/11/80	LuxFr 835	LuxFr 727	LuxFr 918	LuxFr 727
Capital Rentinvest	LuxFr 1670	LuxFr 1000		(71) (Capitalisation)	LuxFr 1674	LuxFr 1363	LuxFr 1674	LuxFr 1321

AIBD The Association of International Bond Dealers

MARKET MAKERS

REGION 1 - BELGIUM

Dewaay, Sebille, Servais
Kredietbank N.V.

REGION 2 - FRANCE

Banque Arabe et Internationale d'Investissement (B.A.I.I.)
Banque de l'Union Européenne
Banque Nationale de Paris
Credit Commercial de France Paris
Credit Lyonnais
Banque NMB-Interunion

REGION 3 - GERMANY/AUSTRIA

Commerzbank AG
Deutsche Bank AG
Dresdner Bank AG
Westdeutsche Landesbank Girozentrale
Creditanstalt Bankverein
Girozentrale und Bank der österreichischen Sparkassen AG

REGION 4 - ITALY

Banca Commerciale Italiana Milan
Banco Ambrosiano S.p.A.
Banco di Roma
Credito Italiano
Istituto Bancario Italiano
Istituto Bancario San Paolo di Torino

REGION 5 - LUXEMBOURG

Banque Générale du Luxembourg S.A.
Banque International à Luxembourg S.A.
Bayerische Landesbank International S.A.
Dewaay Luxembourg S.A.
Kredietbank S.A. Luxembourgeoise
Swiss Bank Corporation (Luxembourg)

REGION 6 - NETHERLANDS

H. Albert de Bary & Co. N.V.
Algemene Bank Nederland N.V.
Amsterdam-Rotterdam Bank N.V.
Bank Mees & Hope
Barclays Kol & Co. N.V.
Centrale Rabobank Utrecht
Bank Van der Hoop, Offers N.V.
Bank Morgan Labouchere N.V.
F. van Lanschot
Nederlandsche Middenstandsbank N.V.
Nederlandse Credietbank N.V.
Pierson, Heldring & Pierson
Slavenburg, Oyens & Van Eeghen N.V.

REGION 7 - NORDIC

Bank of Helsinki Ltd. (Helsingfors Aktiebank)
Bergen Bank
Christiania Bank og Kreditkasse
Den norske Creditbank
Den Danske Bank of 1871 Aktieselskab
R. Henriques jr. Bank-Aktieselskab
Kansallis-Osake-Pankki
Kjöbenhavns Handelsbank
Postipankki
Privatbanken Aktieselskab
Skandinaviska Enskilda Banken
Skopbank
Sparekassen SDS
Union Bank of Finland (Nordiska Föreningsbanken (AB)
Union Bank of Norway

REGION 8 - SWITZERLAND

Bondpartners S.A.
Credit Suisse/Swiss Credit Bank
Swiss Bank Corporation
Union Bank of Switzerland

REGION 9 - UNITED KINGDOM

Akroyd & Smithers Ltd.
Bache Halsey Stuart Shields
Bank of America International Ltd.
Bankers Trust International Ltd.
Blyth Eastman Paine Webber Ltd.
Chase Manhattan Ltd.
Chemical Bank International Ltd.
C.I.B.C. Ltd.
Citicorp International Bank Ltd.
Continental Illinois Ltd.
Credit Commercial de France (Securities) Ltd.
Credit Suisse First Boston Ltd.
Cresvale International
Daiwa Europe Ltd.
Dean Witter Reynolds Overseas Ltd.
Deltec Trading Company Ltd.
Dillon, Read Overseas Corporation
Dominion Securities Ltd.
European Banking Company Ltd.
First Chicago Ltd.
Robert Fleming & Co.
Goldman Sachs International Corp.
Hambros Bank Ltd.
IBJ International Ltd.
Italian International Bank Ltd.
Kidder Peabody Securities Ltd.
Kuhn, Loeb Lehman Brothers International
London & Continental Bankers Ltd.
Lloyds Bank International Ltd.
Manufacturers Hanover Ltd.
McLeod, Young, Weir International Ltd.
Merrill Lynch, Pierce, Fenner and Smith (Brokers & Dealers) Ltd.
Midland Doherty Ltd.
Morgan Guaranty Ltd.
Morgan Stanley International
New Japan Securities Europe Ltd.
The Nikko Securities Co. (Europe) Ltd.
Nomura International Ltd.
Nordic Bank Ltd.
Ord Minnett
Orion Bank Ltd.
Pinchin, Denny & Co.
PKB Investments
Ross & Partners
Salomon Brothers International Ltd.
Samuel Montagu & Co. Ltd.
Scandinavian Bank Ltd.
Smith Barney, Harris, Upham & Co. Inc.
Societe Generale Strauss Turnbull Ltd
Sumitomo Finance International
Vickers, da Costa & Co. Ltd.
S. G. Warburg & Co. Ltd.
Wedd Durlacher Mordaunt and Co.
Westdeutsche Landesbank Girozentrale
White Weld Securities
Wood Gundy Ltd.
Yamaichi International (Europe) Ltd.

REGION 10 - UNITED STATES

Arnhold and S. Bleichroder Inc.
Bear Stearns & Co.
Drexel Burnham Lambert Inc.
Kidder, Peabody & Co. Inc.
Lehman Bros. Kuhn, Loeb Inc.
Lazard Freres & Co.
Merrill Lynch, Pierce Fenner Smith Inc.
Salomon Brothers
Atlantic Capital Corporation

REGION 11 - MIDDLE EAST

The Arab Co. for Trading Securities S.A.K.
National Bank of Abu Dhabi

WORLD STOCK MARKETS

NEW YORK

1981 High	1981 Low	Stock	July 10
51¾	43	ACF Industries	43¼
26¼	19¾	AMF	21¼
16⅝	11	AM Intl	12⅞
37¼	31⅛	ARA	32¼
66½	42½	ASA	47⅞
36⅝	27	AVX Corp	29⅞
31½	27⅛	Abbott Labs	28⅜
30¼	23⅞	Acme Cleve	25½
43¾	27½	Adobe Oil & Gas	38⅛
36¼	20	Advanced Micro	21¼
43⅛	30½	Aetna Life & Cas	32⅞
20¾	17	Ahmanson (H.F.)	17¾
48⅛	38½	Air Prod & Chem	38⅞
15¼	12⅝	Akzona	14
38	28¼	Albany Int.	31¼
15⅝	12⅝	Alberto-Culv	12⅝
26½	20	Albertson's	24¾
39⅛	27¼	Alcan Aluminium	28½
21⅞	15¾	Alco Standard	18½
54¾	37	Allegheny Ludm	45⅛
59¼	47⅛	Allied Corp	57¾
30⅞	20½	Allied Stores	27¾
36⅛	25¼	Allis-Chalmers	28¼
15½	11½	Alpha Portd	13½
37¼	28⅝	Alcoa	28
51⅝	34	Amal. Sugar	39⅛
67	38	Amax	56¼
43¾	26⅞	Amerada Hess	31¼
21	8⅞	Am. Airlines	15⅝
46	34⅞	Am. Brands	40¾
35⅝	25⅝	Am. Broadcast'g	28¾
44⅛	28¾	Am. Can	39⅞
36¼	28⅝	Am. Cyanamid	32⅝
17⅞	15⅜	Am. Elect. Pwr	17⅛
54	40	Am. Express	46½
46⅜	35⅞	Am. Gen. Insnce.	43⅜
23½	18⅝	Am. Hoist & Dk.	19¼
35⅞	28⅝	Am. Home Prod.	33⅛
50⅞	39½	Am. Hosp. Suppy.	39⅞
48⅛	36⅝	Am. Medical Intl.	41
4⅞	3¾	Am. Motors	3⅞
49¼	39	Am. Nat. Rescs.	41
71⅞	46	Am. Petfina	53¼
31⅝	18⅞	Am. Quasar Pet.	21¼
43	31	Am. Standard	35¾
27¾	21⅝	Am. Stores	26¼
58	48¾	Am. Tel & Tel	53¾
35⅝	25	Ametek Inc.	31⅞
28⅝	23¼	Amfac	25
62¼	44¼	AMP	50⅝
28¾	23	Amstar	25⅛
48	41⅝	Amstead Inds	43⅛
20	15⅛	Anchor Hockg	16⅛
40⅜	28⅛	Anheuser-Bh	37⅜
34¾	26	Arcata	29¼
24⅝	17	Archer Daniels	17⅞
41⅝	30¼	Armco	32¼
18⅝	14⅝	Armstrong CK	17⅞
17¾	13¼	Asamera Oil	14⅝
48¼	33⅝	Asarco	38⅞
40⅞	29¼	Ashland Oil	36⅜
31	24	Assd D Goods	27½
65⅞	41⅝	Atlantic Rich.	49⅞
31¾	23½	Auto-Data Prg	26
31⅞	24	Avco	29½
26	19¼	Avery Intl	26
60½	41½	Avnet	47¾
41¾	33¼	Avon Prods	38⅝
49	35½	Baker Intl	39⅝
24¼	20	Balt. Gas & El	23⅜
31⅞	24	Bancal Trist	30
28½	20⅛	Bangor Punta	24⅝
30⅜	24⅛	Bank America	24⅜
41⅜	34⅝	Bank of N.Y.	39⅜
37	28	Bankers Tst. N.Y	33½
25	17⅜	Barry Wright	19
59⅜	47½	Bausch & Lomb	55
59¼	48½	Baxt Trav Lab	54¼
25¼	17½	Beatrice Foods	21½
39¾	32	Beckman Instr	35
24½	11⅞	Beker Inds	11⅞
29¾	23	Bell & Howell	23¼
18½	11½	Bell Industries	16⅛
64	55½	Bendix	62¾
25¼	20	Beneficial	22¼
32	23	Beth Steel	25¼
37⅝	26¼	Big Thee Inds	29⅜
21⅝	17½	Black & Decker	17¾
38	29¼	Block HR	34⅞
33⅝	25¾	Blue Bell	28⅞
43¾	29¼	Boeing	30⅛
47¾	33⅛	Boise Cascade	42⅞
29½	25½	Borden	27¾
53¾	37½	Borg Warner	51
5¼	3¾	Braniff Intl	3⅞
26¼	22	Briggs Stratn	23¾
58½	46⅛	Bristol-Myers	49
39⅜	21⅞	BP	22
17¼	14⅛	Brockway Glass	15⅝
64	54	Brown Forman B	62⅛
29½	20	Brown Grp	26½
31	23½	Brown & Sharp	25¾
37	23½	Browng-Ferris	32½
22	13⅞	Brunswick	20½
25¼	19⅛	Bucyrus-Erie	19⅜
25	18½	Burlington Ind	20⅜
72	51	Burlington Nrhn.	55¾
45⅞	32½	Burndy	40⅛
56⅝	38¾	Burroughs	38¾
63½	43¾	CBI Inds	49¼
50⅝	47⅛	CBS	57
35½	29¾	CPC Intl	30⅝
56⅜	46⅝	CSX	53¾
21⅛	13⅝	Campbell Red L.	14¾
33	28¼	Campbell Soup	27⅞
34	23⅛	Campbell Tagg	33¾
45½	25	Canal Randolph.	34½
42⅜	33⅝	Can. Pacific	37⅛
54¾	35⅝	Carlisle Corp	39⅝
33	26⅝	Carnation	31½
51⅛	37	Carp Tech	48
20½	17¼	Carter Hawley	19
72¾	54⅜	Caterpillar	63
68⅞	55⅛	Celanese Corp	66½
42½	31	Centex	31
15	12¼	Central & Sw.	14¾
17	12	Central Soya	12¼
35¼	23¼	Central Tel Util	30½
17	12	Certain-teed	15¾
36¼	23⅝	Cessna Aircraft	32⅝
5⅜	1½	Champ HomeBld	2⅞
29⅞	22⅞	Champ Int	26⅛
11¼	8⅝	Champ Sp Plug	10⅞
20	9½	Charter Co	10⅞
58¼	45½	Chase Manhatt'n	52
61½	42⅞	Chemical NY	55⅞
39¼	28⅜	Cheese Pond	34⅝
28¼	19	Chicago Pneum	22⅞
9¾	5⅛	Chrysler	7
51⅛	37⅝	Chubb	46⅜
45⅞	28¼	Cincinnati Mil	36⅞
29¾	21⅛	Citicorp	26⅛
60¼	39⅛	Cities Service	57¼
30⅜	21	City Investg	26¾
38½	32⅛	Clark Equipment	33¾
45½	32	Cleve Cliffs Iron	36⅜
13⅞	9⅞	Clorox	11⅝
15½	9¾	Cluett Peaby	13⅛
39⅜	32¾	Coca Cola	34
10	8½	Coca Btl.N Y	9⅞
18¼	14⅛	Colgate Palm	15⅝
13¼	8½	Collins Aikman	12
64¼	44	Colt Inds	60¾

1981 High	1981 Low	Stock	July 10
41¼	31⅝	Columbia Gas	32¼
45	35	Columbia Pict	35¼
22⅞	17	Combined Int	22¼
49¼	34	Combustn. Eng	34⅜
20⅝	17⅞	Cmwlth. Edison	19½
62⅛	42	Comm. Satellite	57⅝
24⅛	16⅛	Comp. Science	18⅝
39⅞	31¾	Cone Mills	34¾
56⅝	41⅞	Conn Gen Ins	49
77⅛	52¼	Conoco	77⅛
27	17⅜	Conrac	24⅛
30½	22⅝	Cons Edison	29
33⅛	24	Cons Foods	27⅞
44¼	24⅝	Cons Freight	39⅜
65¾	43⅛	Cons Nat Gas	45½
19⅛	16¼	Consumer Power	18⅛
18⅝	9⅜	Cont Air Lines	9⅝
30¾	23½	Contl Corp	28¼
40⅛	32⅛	Contl Group	34⅝
42⅝	30⅞	Contl Illinois	39¾
19	15	Contl Teleph	17½
84	60⅝	Control Data	67⅞
53¼	45¼	Cooper Inds	46⅛
16⅛	13½	Coors Adolph	14⅛
38½	24⅞	Copeland	38½
35	23¾	Copperweld	35
74⅝	59¼	Corning Glass	66½
26	20⅝	Corroon Black	24
78	55¼	Cox Broadcast'g	62⅛
46¾	38½	Crane	41⅛
40½	36⅛	Crocker Nat	38⅛
36⅝	28¼	Crown Cork	32⅛
58⅜	38¾	Crown Zell	40½
57⅝	30½	Cummins Eng	48½
49⅛	33⅝	Curtiss-Wright	48⅞
12⅛	7	Damon	7⅝
33⅜	21⅞	Dana	27⅞
52	43	Dart & Kraft	49
68½	46⅛	Data Gen	54
62	43¾	Dayton-Hudson	57
47	38⅜	Deere	39⅞
81½	56½	Delta Air	67½
31	19	Denny's	27½
18	15⅛	Dentsply Intl	15
12¼	11	Detroit Edison	11¼
38½	31⅞	Diamond Intl	33½
37⅝	28⅛	Diamond Shamk	35¾
14	8⅝	DiGiorgio	12⅝
112¾	81¼	Digital Equip	93⅜
34¾	17⅛	Dillingham	31⅜
26	16	Dillon	21⅞
66½	49½	Disney (Walt)	59¾
24⅞	18	Dome Mines	20⅝
42⅝	31¼	Donnelly (RR)	37¼
54	51¼	Dover Corp	52
38½	30⅝	Dow Chemical	31
49⅜	30¼	Dow Jones	46½
53¾	34¼	Dresser	37¼
15	11⅜	Dr. Pepper	13⅛
20	16¼	Duke Power	19¾
70	56	Dun & Brad	58½
55¼	40¾	Du Pont	47¼
43⅛	34	E G & G	37½
27⅞	16	Easco	26
12¾	7⅛	Eastern Airlines	9⅜
29¾	23⅜	Eastern Gas & F.	25⅞
84⅞	69⅛	Eastman Kodak	73⅛
41⅛	26½	Eaton	34
14⅞	13⅛	Echlin Mfg	13⅝
47¼	31⅜	Eckerd Jack	41¾
58¾	34	Electronic Data	52¾
8	4⅝	Elect. Memories	4⅝
25½	20	El Paso	23⅝
49¾	36⅜	Emerson Elect	43⅛
19¼	14⅜	Emery Air Fgt	17⅛
38⅜	28½	Emhart	32⅞
30¾	20⅝	Engelhard Corp	23⅜
34¼	23¾	Enserch	26⅜
19⅛	13	Envirotech	14⅛
57⅛	38⅝	Esmark	51⅛
34½	26¾	Ethyl	28
26¼	19⅛	Evans Prods	23⅞
50⅝	27⅝	Ex Cell O	29⅝
40⅞	32	Exxon	34⅜
35¼	20	FMC	31¼
28	19⅜	Faberge	23⅜
9⅛	6	Fedders	7¾
26½	20	Federal Co	21
26⅝	19⅞	Federal-Mogul	21⅞
12	8⅞	Fed. Nat. Mort	9¾
39¼	27⅞	Fed. Paper Brd	33½
6⅝	3⅝	Fed. Resources	3⅝
43¼	29	Fed. Dep. Stores	39
35⅝	25⅛	Fieldcrest Mi	27½
13¼	9⅞	Firestone	12⅜
46¼	38⅛	1st Bank System	42
19	13½	1st Charter Fin	14⅞
19⅞	15½	1st Chicago	19
40⅛	24½	1st City Bank Tex	35
31⅜	24⅝	1st Int Banc	30⅝
25½	15½	1st Mississippi	18⅛
46½	34⅜	1st Nat. Boston	42
5	4	1st Penn	4⅝
4⅛	2½	Fisons	2½
14	8⅝	Fleetwood Ent	11⅜
31¾	19¼	Flexi-Van	23¾
30¾	24¼	Florida Pwr & L	28⅞
25½	19	Ford Motor	22¼
40	31⅞	Foremost Mck	36¾
25½	17	Foster Wheeler	17⅜
61¾	45½	Foxboro	50¼
40½	30	Freeport McM	35⅞
33	20	Fruehauf	28
16⅛	12⅛	GAF	15
41	36½	GATX	36⅞
45¼	34	Gannett	39
32	20⅝	Geico	25¾
23⅜	17⅛	Gen Am Invest	20¼
38¼	25½	Gen Cinema	34¼
42	28⅝	Gen Dynamics	28⅝
68¾	59¾	Gen Electric	63⅜
34¾	30¼	Gen Foods	31¼
127¾	75	Gen Instrument	100¾
39¼	27	Gen Mills	34
57⅜	44	Gen Motors	49½
41⅝	19¾	Gen Portland	40¼
5⅝	4	Gen Pub Utilities	5⅛
51	41	Gen Signal	42¼
32	24¾	Gen Telep Elec	28¾
29⅛	18¾	Gen Tire	27½
10⅞	5⅜	Genesco	9¼
38	26⅝	Genuine Parts	32⅛
31¾	25	Georgia Pac	25½
62½	47¼	Geosource	55
32¾	26½	Gerber Prod	30⅜
92¼	59¼	Getty Oil	70
28	22	Giddings Lewis	24⅛
35⅛	27⅝	Gillette	30¾
35¾	20⅜	Global Marine	24
27⅜	22⅛	Goodrich (BF)	24⅞
20⅛	17	Goodyear Tire	18⅞
30½	24⅞	Gould	28⅞
59¼	43¾	Grace	45⅜
44½	33⅞	Grainger (WW)	39⅞

1981 High	1981 Low	Stock	July 10
6¾	4¾	Gt. Atl. Pac. Tea	5⅛
13	11½	Gt. Basins Pet	12¼
47	38⅝	Gt. Nthn. Nekoosa	42¾
19	14½	Gt. West Financl.	15⅝
20¼	14	Greyhound	17¼
29⅛	23	Grumman	29
21¼	14¾	Gulf & Western	19
46½	31	Gulf Oil	36⅞
27⅞	22⅛	Hall (FB)	25⅝
64½	53⅞	Halliburton	60¾
35⅝	25⅝	Hammermill Ppr.	31
19⅞	12¼	Handleman	17¼
37⅞	30⅜	Hanna Mining	34½
20⅞	17	Harcourt Brace	18⅞
22	13⅛	Harnischfeger	14¼
31¾	25⅞	Harris Bancp	28¼
59½	43⅛	Harris Corp	45¾
21⅝	16¾	Harsco	21
26	13½	Hecla Mining	14½
59½	45	Heinz (HJ)	57
27¼	19¼	Heller Intl	24½
26⅛	18⅞	Hercules	24¼
40¾	23¼	Hershey	34⅞
34⅞	28	Heublein	31¾
106½	79¼	Hewlett Pkd	80
51½	36¾	Hilton Hotels	44
64¾	30	Hitachi	63
33⅛	21¼	Holiday Inns	29¾
51⅜	33¾	Holly Sugar	35¾
70⅞	46¼	Homestake	50⅜
114¼	82	Honeywell	83⅝
15¼	12⅛	Hoover	12¾
24⅝	15¾	Hoover Univl	22⅛
19⅜	15¼	Hormel Geo	18⅞
50¼	32⅛	Hospital Corp	39¼
19⅛	15⅞	Household Intl	17¾
19⅞	16¾	Houston Inds	19¼
55	41⅜	Houston Nt Gas	44½
31¼	23⅜	Hudson Bay Mng	25
44¼	35½	Hughes Tool	37
45⅜	35¼	Humana	39
18⅝	12⅞	Husky (Oil)	13½
38⅝	20	Hutton (EF)	29⅝
40⅝	29	IC Inds	35⅞
50½	36⅝	INA Corp	44
20¾	14⅝	IU Int	14¾
34½	24	Ideal Basic Ind	28½
6⅛	3¾	Ideal Toy	5½
7⅝	5⅛	ICI ADR	5⅝
28¼	20	Imp Corp. Amer.	21
23⅜	18⅜	INCO	20⅛
79⅞	62⅝	Ingersoll Rand	62⅝
35	27⅜	Inland Steel	28
41¾	32½	Intel	34¼
44	27¾	Interlake	42⅞
43¾	30	InterNorth	33
71⅜	55¼	IBM	56¼
23	18¾	Intl Flavours	20
25⅞	15¼	Int. Harvester	15¼
10¾	8¾	Int. Income Prop	9
51⅛	40⅞	Int. Paper	44¾
19¾	14⅛	Int. Rectifier	15⅛
34¾	28⅛	Int. Tel & Tel	29⅛
72	46	Iowa Beef	71¼
55¼	47	Irving Bank	51
27¾	22¼	James (FS)	25¾
29½	23⅝	Jeffn-Pilot	26
45⅛	33⅞	Jewel Cos	36⅞
31⅞	24¼	Jim Walter	24¼
25½	19¾	Johns Manville	20⅛
34	27½	Johnson Contr	30⅛
38½	31	Johnson & Jns	32½
12⅜	8⅞	Johnathn Logan	9¾
20½	16⅞	Jostens	18⅞
41⅞	34¼	Joy Mfg	36⅞
23½	16⅝	K. Mart	20⅛
26⅞	21⅝	Kaiser Alum	21¾
48½	38¼	Kaiser Steel	43⅝
34⅝	19⅝	Kaneb Services	26⅜
15¾	10⅞	Kaufman Brd	13⅞
27⅜	15	Kay Corp	17⅜
24⅝	19⅝	Kellogg	19⅞
42	29¾	Kennametal	34½
80½	62⅛	Kerr-McGee	75
50⅛	40	Kidde	44½
71½	53⅜	Kimberley-Clark	70¾
9½	6⅞	King's Dept. St	7½
41	27	Knight Rdr. Nws.	36⅞
27	20¾	Koppers	22⅞
7⅛	4⅞	Kroehler	6
27¾	19⅞	Kroger	23⅞
25⅞	18¼	LTV	19⅛
45⅝	36	Lanier Bus. Prod.	38½
42⅜	33⅞	Lear-Siegler	35⅛
37⅞	27⅞	Leaseway Trans.	33
43⅞	30⅞	Lenox	40¾
50	33½	Levi Strauss	33½
35½	22⅞	Levitz Furntr	32¼
29½	23	Libby Owens Fd.	25¾
68⅜	60⅜	Lilly (Eli)	59
46	37½	Lincoln Nat	42
81⅝	61⅜	Litton Inds	63½
44¾	25⅝	Lockheed	36⅞
105½	73½	Loews	99½
37	30	Lone Star Inds	33⅛
36⅞	30¾	Longs Drug Strs.	32¼
50¾	30½	Louisiana Land	38½
30¼	23⅜	Louisiana Pac	25⅜
39⅞	13¾	Lowenstein	32½
35	25⅛	Lubrizol	27⅝
16⅞	13⅝	Lucky Strs	15¾
35½	22¼	M/A-Com. Inc	26⅝
57	43⅝	MCA	49⅛
17¾	12	MacMillan	15
66	41½	Macy	59½
27⅞	19⅛	Madison Fund	20⅜
39⅞	30½	Mfcrs Hanover	38
44⅝	32⅜	Mapco	38⅝
74⅞	45¼	Marathon Oil	67
23	15	Marine Mid	20
45⅜	29⅞	Marriott	42¼
41¼	29⅞	Marsh McLenn	38¾
20¼	15	Marshall Field	16⅛
75½	50¼	Martin Mtta	63¼
45¼	28½	Maryland Cup	37⅝
42⅝	28½	Masco	36½
4⅞	2¾	Massey-Fergn	3
15⅞	13⅝	Mass Multi Corp.	15⅜
10¾	7⅝	Mattel	7⅞
31⅝	23⅞	May Dept Strs	28¾
29¾	24	Maytag	27½
16⅜	12¼	McCulloch	14½
40⅜	27¾	McDermott (JR)	32⅞
69½	49¾	McDonald's	60⅜
48⅞	35⅛	McDonnell Doug	35⅜
44⅛	43	McDonough	44½
50½	33¼	McGraw Edison	39⅞
56	39⅜	McGraw-Hill	50½
11¼	7⅞	McLean Trukg	9⅝
32⅝	25⅛	Mead	29¾
39	29⅜	Media Genl	36½
43	32⅛	Medtronic	35
59⅜	30⅞	Mellon Natl	—
47½	35⅞	Melville	43½
14½	9⅛	Memorex	9⅛
50½	34	Mercantile Sts	48
102⅝	80	Merck	91¾
66½	47⅞	Meredith	60⅛
43⅞	26¼	Merrill Lynch	37

1981 High	1981 Low	Stock	July 10
12⅜	8	MGM	10⅛
149⅛	90¼	Metromedia	135
33¼	27⅝	Milton Bradley	29
64¼	56	Minnesota MM	56¾
102	76¼	Missouri Pac	82
40⅞	27⅜	Mobil	31¼
13⅝	9¾	Modern Merchg.	12⅛
14⅝	10	Mohasco	13⅞
26	18½	Monarch M/T	25¾
85	67¾	Monsanto	77½
39⅞	31½	Moore McCmrk	33⅞
63¾	49½	Morgan (JP)	56¾
88½	60	Motorola	67½
18⅝	14⅞	Munsingwear	16¾
22	16⅛	Murphy (GC)	19¾
49¾	39⅛	Murphy Oil	36
32⅝	26¼	Nabisco Brands	27½
57⅝	47⅛	Nalco Chem	50
22½	19	Napco Industries	19¾
26¾	19⅛	Nat. Can	24
29⅜	24⅞	Nat. Detroit	27⅛
29¾	25⅛	Nat. Dist. Chem	25
31½	20½	Nat. Gypsum	28
27⅛	16⅛	Nat. Medical Ent	22¼
40¾	25¼	Nat. Semicductr.	25¼
25¾	20¼	Nat. Service Ind.	24⅞
16⅝	14	Nat. Standard	16⅝
30⅞	24½	Nat. Steel	24⅞
39¼	24⅛	Natomas	28⅝
18	13¼	NCNB	16⅝
75	57½	NCR	63⅞
24½	19	New England El	23¼
15⅞	14	NY State E & G	15¾
37¾	28	NY Times	35½
69⅛	43⅝	Newmont Mining	65½
13¼	10⅞	Niag. Mohawk	12⅛
42¾	33¼	NICOR Inc	36⅝
46⅝	32⅜	Nielsen (AC) A	41¼
48	31⅜	NL Industries	36¾
36	23	NLT	26⅞
49⅞	40½	Norfolk & Westn	48¾
36½	26¾	Nth. Am. Coal	29¾
59¼	37⅛	Nth. Am./Philips.	46
26⅝	20	Nthn. State Pwr.	25
9¼	6⅛	Northgate Exp	6½
62½	44¼	Northrop	44¼
38¾	24¾	Nwest Airlines	31⅛
32¼	27⅛	Nwest Bancorp	29¾
54⅜	35¾	Nwest Inds	46⅝
10⅜	9⅝	Nwestn Mutual	9⅞
29	21⅝	Nwestn Steel W.	25⅝
61⅝	44¼	Norton	44⅜
18⅜	14⅜	Norton Simon	16
34⅞	27⅝	Occidental Pet	29½
50½	28¼	Ocean Drill Exp.	31½
39⅛	30¾	Ogden	34½
35	25¼	Ogilvy & Mrth	33¼
13½	11¾	Ohio Edison	12⅝
26¼	19⅝	Olin	22⅜
25¾	20⅛	Omark	22½
40⅝	29	Oneok	32¼
21⅜	12½	Outboard Marine	19
33¾	23½	Overseas Ship	24⅞
30¾	25⅝	Owens-Corning	27⅝
32⅝	24	Owens-Illinois	29½
47½	36¼	PHH Group	41¼
57¾	36¾	PPG Inds	43½
18⅞	14½	Pabst Brewing	16½
23⅜	19¾	Pac. Gas & Elect	22
28¼	20	Pac. Lighting	27¾
33⅞	26⅝	Pac. Lumber	26⅞
15½	12⅛	Pac. Tel. & Tel	13¼
28½	17⅝	Palm Beach	26½
5⅞	4	Pan Am Air	4
46	33¼	Pan. Hand Pipe	35½
36	22¼	Parker Drilling	26¾
37⅞	28½	Parker Hanfn	34¾
8¾	5⅝	Peabody Intl	7⅞
35½	21⅝	Penney (JC)	32¼
51¼	35⅝	Pennzoil	46¾
51½	39⅛	Peoples Gas	42⅝
37⅛	27½	Pepsico	34⅝
38⅝	25¼	Perkin-Elmer	25¼
35¾	25¼	Petrie Stores	32½
25¼	17	Petrolane	18
54⅜	45½	Pfizer	48
48½	31¾	Phelps Dodge	41¼
37	25⅞	Philbro	28¾
14	12	Phila. Elect	13½
55½	42¼	Philip Morris	49⅝
58⅝	34⅞	Phillips Pet	39⅞
45½	37¾	Pillsbury	40
30	21¾	Pioneer Corp	25⅞
35	28½	Pitney-Bowes	32¾
30⅞	21⅝	Pittston	30⅞
8⅞	6½	Planning Rsch	7¼
73¾	58	Plessey	61¼
33⅛	23½	Polaroid	28
48¾	36¾	Potlatch	39⅛
25⅝	19¾	Prentice-Hall	25½
77⅞	65⅛	Procter Gamble	74⅛
19⅞	17⅛	Pub. Serv. E & G.	18⅜
22¼	18½	Pub. S. Indiana	20⅞
25¾	15	Purex	23⅛
73¼	34	Purolator	67
37	30½	Quaker Oats	33
43¼	20¾	Quanex	38⅜
8⅞	7⅛	Questor	8¼
32⅛	21⅞	RCA	21⅞
14¼	10⅜	Ralston Purina	12⅝
11¾	6⅝	Ramada Inns	9¼
4⅝	3¼	Rank Org. ADR	3⅛
54⅛	40½	Raytheon	44¼
54⅝	28¾	Reading Bates	33¼
14⅛	8¼	Redman Inds	12
41⅛	29¾	Reeves Bros	38½
15⅞	11⅝	Reichhold Chem.	12⅞
98	67	Reliance Group	98
31⅞	22⅜	Republic Steel	27⅛
45½	34¼	Rep of Texas	41
18⅜	13	Resch Cottrell	13¼
31⅝	21⅛	Resort Int A	21⅛
40¾	29¾	Revco (DS)	35¾
25¼	16	Revere Copper	22¾
50¾	40¾	Revlon	40¾
20¼	16⅜	Rexnord	16⅜
48½	42¼	Reynolds (RJ)	46⅛
39¼	32½	Reynolds Mtls	32⅞
36	23¼	Rite Aid	31½
50¼	35½	Roadway Expa	46¼
14⅝	10⅛	Robins (AH)	11⅝
14	12	Rochester Gas	12¾
43⅜	35	Rockwell Intl	36⅛
71¾	46¾	Rohm & Haas	63⅝
22⅜	16⅞	Rollins	17⅝
49	33⅛	Rolm	33⅛
14⅝	10¼	Roper Corp	14½
23	13⅞	Rowan	16¾
16	12¾	Royal Crown	15⅛
49¼	30¾	Royal Dutch	32½
39	23⅜	Rubbermaid	33
17½	14¾	Russel Styr	16¼
26⅝	20½	Ryan Homes	22⅛
37⅛	26⅞	Ryder System	32
30¼	22¼	SFN Companies	23
39	30	SPS Technol'gies	32¼
65½	43½	Sabine Corp	49¼
41⅝	31½	Safeco	39⅞
37¼	29¾	Safeway Stores	30¾
56½	26½	St. Joe Minerals	39⅞
51	37⅛	St. Paul Cos	48⅛
42⅜	32⅝	St. Regis Paper	33¾
36	25	Santa Fe Inds	26⅜
31⅛	20¾	Santa Fe Intl	24¼
10¼	8½	Saul Invest	8½
7⅛	5⅝	Saxon Inds	5⅛
42	34	Schering Plough	35⅛

1981 High	1981 Low	Stock	July 10
18½	7⅞	Schlitz Brew J	10⅞
116⅞	68¼	Schlumberger	81⅝
31¼	24½	SCM	26⅝
37½	18	Scott Paper	19½
15⅛	13⅛	Scudder Duo V	14
27⅛	19⅛	Sea Contrs	21⅝
61	51	Seagram	56
35	21⅝	Sealed Power	32⅝
33¾	26⅝	Searle (GD)	31⅜
24½	15	Sears Roebuck	18¾
43½	34½	Security Pac	39
46	26	Sedco	29⅞
58	38½	Shell Oil	45¼
44	26	Shell Trans	27
23⅜	17½	Sherwin-Wms	20
35¼	23¼	Signal	28
44¼	36	Signode	41⅝
11¾	6⅝	Simplicity Patt	11⅝
24⅛	11⅝	Singer	19⅛
19¼	12⅝	Skyline	16⅜
65¼	44⅞	Smith Intl	48⅝
88	70½	Smith Kline	73¾
15	9¼	Sonesta Intl	13
25⅞	14⅞	Sony	21½
23½	18¼	Southeast Bankg	20
27⅞	23⅛	Sth. Cal. Edison	25⅝
12⅞	11	Southern Co	12⅛
70⅞	57¼	Sthn. Nat. Res	60⅝
42½	34⅛	Sthn N. Eng. Tel.	41
54	37¼	Sthn Pacific	46
93½	74	Sth Railway	84⅞
28	20¾	Southland	26
43⅞	35	SW Bancshares	42
66	41¾	Sperry Corp	41¾
26⅜	17	Spring Mills	22
37¼	26¼	Square D	31⅛
37½	28⅝	Squibb	32¾
31¼	26⅝	Standard Brands	—
57¾	35½	Std Oil California	39⅛
79½	49¾	Std Oil Indiana	57⅝
71⅞	43⅛	Std Oil Ohio	48
21	17¼	Stanley Wks	18⅝
27⅜	22⅝	Stauffer Chem	22⅞
26⅛	19¼	Sterling Drug	21¼
17½	13½	Stevens (JP)	15¼
28⅝	22¼	Stokely Van K	25
35⅝	17¾	Storage Tech	28⅛
50¼	32⅛	Sun Co	38½
25	16⅜	Sunbeam	21⅛
56⅜	43½	Sundstrand	45¼
230¾	175	Superior Oil	192⅝
37½	28⅝	Super Val Strs	33½
71	53	Syntex	54¼
65¼	54	TRW	58½
31¾	25⅛	Taft	28⅞
35⅝	27⅝	Tampax	28⅛
38¼	20⅞	Tandy	28⅝
173	119⅝	Teledyne	158
61¼	50¼	Tektronix	53
51⅜	37⅛	Tenneco	37½
22½	16⅛	Tesoro Pet	18⅜
49⅛	33⅜	Texaco	35
43	31¾	Texas Comm. Bk.	38¼
78⅝	45	Texas Eastern	50
40	32	Texas Gas Trn	32¼
125	92½	Texas Instrmts	92½
38⅞	28¾	Texas Oil & Gas	34⅞
20¾	16¼	Texas Utilities	20¾
54¼	24⅛	Texasgulf	54
38½	28	Textron	33⅜
37¾	26⅛	Thermo Electro	26⅞
54¾	45⅝	Thomas Betts	57½
49¾	31¾	Tidewater	35¼
26	19	Tiger Intl	21⅛
81⅞	53¼	Time Inc	69¾
58¼	40¼	Times Mirror	52¾
78	59¾	Timken	68¼
35	22¼	Tipperary	28⅞
29½	18½	Tonka	25
23⅜	16⅛	Total Pet	17⅛
27¼	21	Trane	25
26¼	17½	Transamerica	23½
30¼	24½	Transway	27⅜
28½	19⅛	Trans World	20¾
53¾	38	Travelers	47¼
16	8⅝	Tricentrol	9¼
24⅜	19⅞	Tri Continental	21¾
28	19½	Triton Oil Gas	22⅝
28⅜	16⅛	Tyler	25¾
31½	18	UAL	24⅛
12⅛	10⅝	UMC Inds	11⅞
16	11	UNC Resources	11⅞
62	54	Unilever N.V.	54
62½	46¾	Union Camp	55
62⅝	50⅝	Union Carbide	57¾
10⅝	8	Union Commerce	9
45⅛	28⅞	Union Oil Cal	37¾
78	50	Union Pacific	57
10⅛	5⅝	Uniroyal	9
17	11⅝	Untd Brands	11⅝
49½	38¼	Utd. Energy Res.	44⅝
50¾	37¾	US Fidelity G	46¼
38¾	32¾	US Gypsum	38⅛
31¾	24¾	US Home	25
11⅝	8⅛	US Inds	10¾
49⅞	30	US Shoe	47⅜
35¾	23⅝	US Steel	27⅜
36¼	25⅛	US Surgical	30¼
47½	36	US Tobacco	42⅞
30⅜	21¼	US Trust	28¼
65	51½	Utd. Technolgs	51½
22¼	15⅛	Utd. Telecomms	20½
69	53⅛	Upjohn	54¼
37¾	22⅛	VF	35¼
32	23½	Varian Assocs	32
21	14¾	Vernitron	14⅞
12¼	10⅛	Virginia EP	12
55¼	40¼	Vulcan Matrls	52¾
29¼	20½	Walker (H) Res	29
48⅛	28¾	Wallace Murray	47½
39½	28¼	Wal-Mart Stores	36½
27	15½	Warnaco	24
57¼	34	Warner Comms	49½
24⅞	20	Warner-Lambt	21¾
28½	19⅝	Washington Post	24¾
40½	26⅝	Waste Mangt	34½
37⅞	27½	Weis Mkts	36¾
35⅝	26	Wells Fargo	32¼
51⅝	42½	W. Point Peppl	47⅜
11⅝	8	Western Airlines	10⅞
44¼	33	Westrn Bancorp	39½
28¾	19⅜	Westn. Nth. Amr.	24¾
33¾	27	Westinghouse	29⅞
30½	18⅝	Westvaco	25½
40	32	Weyerhaeuser	35
65	48½	Wheelabratr F	51⅞
39¾	19⅝	Wheeling Pitts	36⅞
30	18⅞	Whirlpool	26⅝
38	23¾	White Consoltd.	33¼
4⅝	1⅝	White Motor	1⅝
50⅞	28⅝	Whittaker	39⅞
17	13½	Wickes	13½
46⅝	25¼	Williams Co.	30⅛
37	26⅜	Winn-Dixie Str	34½
6¼	2⅝	Winnebago	5⅛
26	20½	Wisc Elec Power	24¾
27½	23¾	Woolworth	24⅝
42½	32	Wrigley	37¼
16¼	11¼	Wyly	11½
63⅞	50⅞	Xerox	52
21	15⅛	Yellow Frt Sys	18¾
38⅜	22⅛	Zapata	25⅝
21¼	14⅞	Zenith Radio	17¾

CANADA

1981 High	1981 Low	Stock	July 10
27¼	19¾	AMCA Intl	24¾
32	22⅜	Abitibi	26
18¼	9	Agnico Eagle	11
48½	33	Alcan Alumin	34⅜
48⅞	37¼	Algoma Steel	41⅞
48	27½	Asbestos	40
34	27⅛	Bk Montreal	27⅝
34	26	Bk Nova Scotia	25⅜
13¾	8¾	Basic Resources	10⅛
20	18	Bell Canada	18¾
25⅛	16¾	Bow Valley	23⅞
48¾	37	BP Canada	48¼
37	31¾	Brascan A	33⅝
13	8⅛	Brinco	8¼
23¼	14¾	B.C. Forest	16¾
52½	22¾	Cadillac Fairview	51¾
43	24	Camflo Mines	25¼
16⅜	13¼	Can Cement	13¾
42¾	32	Can NW Lands	41
36¾	32½	Can Packers	33½
30⅞	19	Can Perm Mtg	30⅝
29½	26⅝	Can Trusco	29½
31⅞	27	Can Imp Bank	28⅛
37	33	Cdn Inds	36⅜
50½	40	Cdn Pacific	44⅝
27⅝	22⅛	Can P. Ent	22⅜
35	29	Cdn Tire	34½
11	7⅜	Cherokee Res	8¼
26¾	20¾	Chieftain	26¾
72	59¼	Cominco	61
29½	22¼	Cons Bathst A	26⅝
25¼	17½	Coseka Res	17⅝
14¾	9¼	Costain	12⅞
13⅝	10¼	Daon Devel	11¼
58⅜	42	Denison Mines	42¾
28¾	21⅛	Dome Mines	24⅛
25⅝	14¼	Dome Petroleum	22¾
49½	40	Dom Foundries A	44¾
24½	20¾	Dom Stores	20¾
37½	27⅞	Domtar	32¼
115	87½	Falcon Nickel	100
49	33¾	Genstar	34
260	195	Gt-West Life	250
29	23	Gulf Canada	28⅛
12¼	5½	Gulfstream Res	5¾
28½	18¼	Hawk Sid. Can	22¾
49½	42¼	Hollinger Argus	43½
37	29¾	Hudson Bay Mng.	30
29⅛	23½	Hudson's Bay	27⅞
38⅜	21	do. Oil & Gas	38½
21¾	15⅜	Husky Oil	16⅛
13	9⅞	IAC	10
38	30⅝	Imasco	35¾
37⅜	30¾	Imp Oil A	34⅜
28⅛	21⅞	Inco	24¼
19	14⅛	Indal	17
16¾	14⅜	Inter. Pipe	15⅛
52½	35½	Mac Bloedel	39¾
11⅛	9	Marks & Spencer	10⅜
5.87	3.25	Massey Ferg	3.40
78	65	McIntyre Mines	61
12⅛	8	Merland Explor	11⅝
48	18⅞	Mitel Corp	36¾
46	39⅛	Moore Corp	42⅞
13	9⅞	Nat. Sea Prods A	10¾
34⅞	26⅛	Noranda Mines	33
54	32¾	Nthn. Telecom	48
25⅞	17	Oakwood Pet	24½
4.05	2.86	Pacific Copper	3.20
96½	85½	Pan can Petrol	91½
62	43⅛	Patino	62
26¾	19¾	Placer Dev	19⅞
24	19¾	Power Corp	20¼
7.3	3.20	Quebec Strgn	3.40
22¾	13⅜	Ranger Oil	14⅝
12⅞	11	Reed Stenhs A	11¾
40¾	31	Rio Algom	36⅛
32	27	Royal Bank	27⅞
[illegible]	[illegible]	[illegible]	[illegible]

HOLLAND

[illegible]

NORWAY

[illegible]

ITALY

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

GERMANY

[illegible]

AUSTRIA

1981 High	1981 Low	July 10	Price %
336	326	Creditanstalt	335
336	322	Landerbank	322
276	243	Perlmooser	254
110	99	Semperit	100
251	204	Steyr Daimler	205
257	225	Veitscher Mag	232

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

AUSTRALIA

[illegible]

SINGAPORE

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

SOUTH AFRICA

[illegible]

BRAZIL

[illegible]

TEL AVIV

[illegible]

Indices

NEW YORK —DOW JONES

	July 10	July 9	July 8	July 7	July 6	July 2	1981 High	1981 Low	Since Cm'pil't High	Since Cm'pil't Low
●Industr'ls	955.67	959.00	953.48	954.15	949.30	958.13	1024.05 (27/4)	931.57 (15/2)	1051.70 (11/1/73)	41.22 (2/7/32)
[illegible]										

	July 10	July 9	July 8	July 7	1981 High	1981 Low
AUSTRALIA All Ord. (1/1/80)	653.5	662.0	674.7	681.5	737.6 (6/4)	641.1 (17/2)
Metal & Minrls. (1/1/80)	554.6	535.2	548.0	552.7	755.2 (7/1)	554.6 (10/7)
[illegible]						

NEW YORK ACTIVE STOCKS

[illegible]

State acts to help Milan bourse

BY JAMES BUXTON IN ROME

THE Italian Government and financial establishment will be anxiously watching the reopening of the Milan stock exchange today, following the announcement over the weekend of measures intended to arrest the fall of share prices and put the market on a sounder long-term footing.

The bourse was suspended for three trading days last Wednesday after a wave of heavy selling in order to give the authorities time to assess the situation and decide what to do.

From today banks will be permitted to invest up to 25 per cent of their employees' pension funds in shares. At the same time the July settlement period has been brought forward to today and Tuesday from the end of the week.

The Minister of Finance is to draw up provisions to allow small investors to deduct funds invested in the bourse from their taxable income. He will also draw up legislation to extend the tax advantages of holding bonds and to give tax concessions to companies on funds raised when they are quoted on the stock exchange for the first time.

The new measures follow intensive consultation between the Government, the Bank of Italy, and the Consob (the stock market's regulatory authority) and banks, brokers and leading industrialists. It emerged from these discussions that the overhang of selling orders in the market still waiting to be realised was much smaller than had been feared. It has been estimated at L57bn ($46.5m), little more than half the average daily turnover.

The authorities hope that by freeing some L1,100bn of bank funds for investment in the market, they can contain selling and restore confidence, while by bringing forward the settlement dates, they can sort out the problems of the present trading period at once and let a more optimistic one begin. The new tax incentives should help investors and encourage more companies to seek quotations.

The Milan bourse crisis began in late May, when heavy falls ended a specatcular rise which had started last summer. To curb speculation, the Consob suspended the system of monthly accounts on June 16 in favour of cash settlements.

The effect was to break the fall but at the same time to cut trading volumes drastically. New regulations introduced last week restored the monthly accounts system but also introduced deposits of 30 per cent for buyers and 70 per cent for sellers of the value of transactions. These steps failed to halt the pressure to sell.

The banks did not intervene last Tuesday when trading was suspended, partly because of official restrictions on their activities, and partly because of their own fears about the size of the financial burden they would have been taking on.

The authorities' worst fear has been that the recently acquired popularity of the stock market would evaporate in the crash of share values, and negate efforts to remedy the weaknesses of the bourse.

Arab Banking ahead of budget

By Our Bahrain Correspondent

ARAB BANKING Corporation (ABC) has exceeded its budget estimates for the first half of 1981 with total assets of S$3.46bn Growth rates achieved so far suggest that ABC will reach the S$5bn level by the end of the year.

The President and Chief Executive Abdula Ammar Saudi said balance sheet totals at June 30 were $S4.29bn and deposits were $2.54bn. Loans and bonds together amounted to S$876.6m.

No interim profit figures have been released; at the end of its first year of operation (December 1980) ABC declared a profit of S$45m.

By mid-1982 ABC hopes to have four units operating worldwide.

Trust Bank's R12m issue

BY JIM JONES IN JOHANNESBURG

TRUST BANK, South Africa's fifth-largest banking group, is to raise R12.8m ($14.7m) by means of a rights issue in order to pursue what its management describes as a phase of "remarkable expansion."

The bank is offering 14.24m cumulative convertible preference shares at 90 cents apiece. The shares will carry a fixed yearly dividend of 9.9 cents and will be convertible on a one-for-one basis into Trust Bank ordinary shares on December 31, 1984.

Twelve preference shares are being offered for every 100 ordinary shares held: 24 for every 100 of 11.5 per cent cumulative convertible preference shares and 8 for every 100 of 10 per cent cumulative convertible preference shares. At present, Trust Bank has 50.7m ordinary shares in issue, 25m 11.5 per cent preference and 25.5m 10 per cent preference.

Shares offer by Sekisui Prefab

BY OUR FINANCIAL STAFF

SEKISUI PREFAB HOMES, the Japanese housing concern, plans to offer 15m shares of common stock, evidenced by European Depositary Receipts. The offer is to be made at a price, in dollars, showing a discount on the closing Tokyo price on or immediately before July 21.

The shares closed on Friday at Y700 ($3), and have touched a high this year of Y746

Wai Wah in Norwegian deal

By Adrian Boven in Hong Kong

WAI WAH SHIPPING, a small subsidiary of Anglo-Eastern Shipping, has announced both a HK$16.1m (U.S.$2.9m) offering of shares to the public and plans to sell a controlling interest in the company subsequently to Itlec-Simonsen, the Norwegian shipping group.

Anglo-Eastern will offer 5.75m shares, or 25 per cent of Wai Wah's share capital, at HK$2.80 a share and will also bear the HK$1.7m cost of the issue.

Wai Wah's principal assets are ownership of one 26,082-tonne bulk carrier and a 50 per cent interest in a second 25,873-tonne bulk carrier.

The company's profits have slipped steadily, from HK$1.63m in 1978 to HK$347,000 for the 15 months to March 31.

PENDING DIVIDENDS

	Date	Announcement last year
Acrow	July 29	Final 1.5
Alexanders Discount	July 21	Int 5.5
Allnatt London	July 17	Final 3.2
A.A.H.	Aug 4	Final 5.024
Anglo American Gold	Aug 7	Int 550 cents
*Associated Newspapers	July 15	Int 4.5
Ault and Wiborg	Aug 6	Int 1.071
*Bath and Portland	July 14	Int 1
*Bibby (J.)	Aug 5	Int 3.143
British Aluminium	Aug 6	Int 7.857
*Brown (J.)	July 24	Final 2.5
*Cawoods	July 15	Final 4.46
*Commercial Union	Aug 11	Int 4.4
*Crown House	July 20	Final 3
*Daily Mail and Gen. Tst.	July 15	Int 9.5
Davy Corpn	July 24	Final 4.7
*Distillers	July 16	Final 7.75
*Dixons Photographic	July 30	Final 2.08
*Dowty	July 21	Final 2.5
*Fitch Lovell	July 30	Final 3.71
*Gestetner	July 16	Int 2.5
Glynwed	Aug 6	Int 2.45
GUS	July 17	Final 7.125
Hawley Leisure	July 22	Int 0.6
Hogg Robinson	July 22	Final 2.7
Hoover	Aug 6	Int 4.0
*Illingworth Morris	July 17	Final nil
*Inchcape	July 23	Final 12.5
*Initial Services	July 20	Final 5.25
Lep Group	July 31	Final 12.6
*Lloyds Bank	July 17	Int 7.5
*LRC Int	July 13	Final 1.75
Lonrho	July 17	Int 3
*Magnet and Southerns	July 14	Final 4.5
*MFI	July 23	Final 1.52
*Midland Bank	July 31	Int 7.5
*NatWest Bank	July 28	Int 8.75
Prestige Grp	July 28	Int 2.5
*Rank Org	July 13	Int 4.8
*Ratners (Jewellers)	July 13	Final 1.925
Rentokil	Aug 5	Int 0.95
*Rothmans International	July 16	Final 2.11
Stock Conversion	July 30	Final 2.65§
Taylor Woodrow	Aug 5	Int 3.15
*Tube Invs	Aug 12	Int 17.857
*Unigate	July 16	Final 3.7
*Union Discount	July 15	Int 9.0
United Gas Inds	July 10	Final 3.5
Ward and Goldstone	July 28	Final 4.5

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

BASE LENDING RATES

A.B.N. Bank	12 %
Allied Irish Bank	12 %
American Express Bk.	12 %
Amro Bank	12 %
Henry Ansbacher	12 %
AP Bank Ltd.	12 %
■ Arbuthnot Latham	12 %
Associates Cap. Corp.	12 %
Banco de Bilbao	12 %
BCCI	12 %
Bank of Cyprus	12 %
Bank of N.S.W.	12 %
Banque Belge Ltd.	12 %
Banque du Rhone et de la Tamise S.A.	12½ %
Barclays Bank	12 %
Beneficial Trust Ltd.	13 %
Bremar Holdings Ltd.	13 %
Bristol & West Invests.	13 %
Brit. Bank of Mid East	12 %
■ Brown Shipley	12½ %
Canada Perm't Trust	13 %
Cayzer Ltd.	12 %
Cedar Holdings	12 %
■ Charterhouse Japhet	12 %
Choulartons	12 %
C. E. Coates	12 %
Consolidated Credits	12 %
Co-operative Bank	*12 %
Corinthian Secs.	12 %
The Cyprus Popular Bk.	12 %
Duncan Lawrie	12 %
Eagil Trust	12 %
E. T. Trust Limited	12 %
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
Robert Fraser	12 %
Antony Gibbs	12 %
Greyhound Guaranty	12 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
Heritable & Gen. Trust	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Hongkong & Shanghai	12 %
Knowsley & Co. Ltd.	14 %
Langris Trust Ltd.	12 %
Lloyds Bank	12 %
Mallinhall Limited	12 %
Edward Manson & Co.	13 %
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
National Westminster	12 %
Norwich General Trust	12 %
P. S. Refson & Co.	12 %
Ryl. Bk. Canada (Ldn.)	12 %
Slavenburg's Bank	12 %
E. S. Schwab	13 %
Standard Chartered	‖12 %
Trade Dev. Bank	12 %
Trustee Savings Bank	12 %
TCB Ltd.	12 %
United Bank of Kuwait	12 %
Whiteaway Laidlaw	12½ %
Williams & Glyn's	12 %
Wintrust Secs. Ltd.	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9½% and over £50,000 10%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p	+ or –	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price £	+ or –
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p	+ or –
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

CURRENCIES, MONEY and GOLD

Theories on evolution

BY COLIN MILLHAM

As part of the evolving system of money market management the Bank of England adopted a rather more informative style last week. The authorities now issue statements twice a day on market operations, and from the middle of August will not only change the methods of control, but the funding of their daily operations.

From the third Thursday in August, which is effectively the first day of the August/September banking month, the operations of the Bank of England will be funded by non-interest bearing deposits from banks and licensed deposit takers, whereas at present the system is supported by the clearing banks alone.

The reserve asset ratio, which apart from its uses with regard to monetary control, has been a prime source of funds for the discount houses, will also change.

The number of banks with bills eligible for discount at the Bank of England will increase, but in return each bank will be expected to keep about 4 per cent of eligible liablities in the form of secured money with the discount houses. This is a smaller amount per bank than at present, but the number of banks involved will increase substantially. The rise in the number of eligible bank bills will also help day-to-day management of the money market.

Last week the Bank of England went part of the way down the new road. It not only made announcements on market intervention twice a day, but also disclosed the rates at which bills had been bought or sold to the market.

On Monday loans were made by the authorities at a level above Minimum Lending Rate, and this pushed up very short term rates, while increasing market nerves at the same time. Although there was no change in Minimum Lending Rate on Thursday, this is of much less significance than in the past and is likely to be phased out in the near future as part of the new policy. Bank base rates have always been important but will now aquire an increased poltical significance.

THE POUND SPOT AND FORWARD

July 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8850-1.9050	1.8930-1.8940	1.20-1.30c dis	−7.92	2.45-2.55dis	−5.28
Canada	2.2750-2.2900	2.2765-2.2775	1.35-1.45c dis	−7.38	3.25-3.40dis	−5.84
Nethlnd.	5.12½-5.17	5.13-5.14	½c pm-par	0.58	2-1 pm	1.17
Belgium	75.65-76.15	75.70-75.80	55-65c dis	−9.50	105-115 dis	−5.81
Denmark	14.46-14.54	14.46½-14.47½	5½-6½ore dis	−5.03	2½-4⅞ dis	−1.04
Ireland	1.2650-1.2700	1.2665-1.2680	0.15-0.29p dis	−2.08	0.70-0.92dis	−2.56
W. Ger.	4.61-4.64½	4.61½-4.62½	¼pf pm-¼ dis	—	1-½ pm	0.65
Portugal	121.25-122.75	121.50-121.70	75-135c dis	−10.38	150-305 dis	−7.48
Spain	183.40-185.25	183.60-183.80	115-145c dis	−8.49	260-310 dis	−6.20
Italy	2,302-2,312	2,303½-2,305½	31-33 lire dis	−16.66	84-87 dis	−14.84
Norway	11.49-11.58	11.51-11.52	1½ore pm-par	0.59	4½-2⅞ pm	1.28
France	11.03-11.09	11.03½-11.04½	12-13c dis	−13.59	24½-28 dis	−9.15
Sweden	9.75-9.82½	9.75½-9.76½	1⅞-2⅞ore dis	−2.69	2½-3½ dis	−1.07
Japan	431-436	432-433	2.30-2.00y pm	6.96	6.65-6.35 pm	6.01
Austria	32.45-32.75	32.50-32.55	par-5gro dis	−0.92	10 pm-par	0.61
Switz	3.92½-3.98	3.93-3.94	1¼-⅞c pm	3.05	3½-2½ pm	3.18

Belgian rate is for convertible francs. Financial franc 79.20-79.40. Six-month forward dollar 4.12-4.22c dis, 12-month 5.40-5.60c dis.

THE DOLLAR SPOT AND FORWARD

July 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8850-1.9050	1.8930-1.8940	1.20-1.30c dis	−7.92	2.45-2.55dis	−5.28
Ireland†	1.4910-1.5000	1.4910-1.4930	0.68-0.78c dis	−5.85	0.87-1.05dis	−2.56
Canada	1.2030-1.2046	1.2033-1.2036	0.01-0.05c dis	−0.30	0.15-0.19dis	−0.56
Nethlnd	2.7140-2.7240	2.7170-2.7200	2.05-1.95c pm	8.83	4.57-4.47 pm	6.65
Belgium	39.95-40.03½	40.00-40.02	5-15c dis	−3.00	7-17 dis	−1.20
Denmark	7.6400-7.6715	7.6400-7.6500	2.10-1.85ore pm	3.10	3.10-2.60 pm	1.49
W. Ger	2.4300-2.4475	2.4395-2.4405	1.64-1.58pf pm	7.92	3.60-3.54 pm	5.85
Portugal	64.30-64.70	64.50-64.70	par-25c dis	−2.32	par-75 dis	−2.32
Spain	97.00-97.55	97.05-97.10	par-10c dis	−0.62	25-40 dis	−1.34
Italy	1,214-1,213	1,216-1,218	9-11 lire dis	−9.86	29-32 dis	−10.02
Norway	6.0640-6.1070	6.0970-6.1020	4½-4ore pm	8.36	10-9½ pm	6.39
France	5.8200-5.8575	5.8300-5.8350	1½-2¼c dis	−3.85	4¼-5¼ dis	−3.25
Sweden	5.1600-5.1850	5.1800-5.1850	3.00-2.80ore pm	6.71	6.00-5.80 pm	4.55
Japan	227.50-230.00	228.20-228.30	2.70-2.55y pm	13.80	6.45-6.30 pm	11.17
Austria	17.15-17.22¾	17.17-17.18	12.30-10.80gro pm	8.07	26.50-22.50pm	5.70
Switz.	2.0700-2.0900	2.0770-2.0780	2.02-1.92c pm	11.38	4.42-4.32 pm	8.41

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

GOLD

	July 10		July 9	
Gold Bullion (fine ounce)				
Close	$417-419	(£220-221)	$405-407	(£215½-216½)
Opening	$413½-415	(£217¾-218¾)	$404-406	(£215½-216½)
Morning fixing	$415.25	(£218.841)	$406	(£214.963)
Afternoon fixing	$416.60	(£219.153)	$406.25	(£215.976)
Gold Coins				
Krugerrand	$429-432	(£226-227½)	$416-419	(£222¾-223¼)
1/2 Krugerrand	$221-225	(£116½-118½)	$215-216	(£114½-115)
1/4 Krugerrand	$113-116	(£59½-61)	$109½-110½	(£58½-59)
1/10 Krugerrand	$46-49	(£24¼-25¾)	$44¾-45½	(£23¾-24¼)
Mapleleaf	$417-422	(£220-222½)	$407-410	(£217-218½)
New Sovereigns	$103½-105½	(£52¾-53½)	$101½-102¼	(£54-54½)
King Sovereigns	$113-115	(£59-60)	$110½-112	(£59-59¾)
Victoria Sovs.	$113-115	(£59-60)	$110½-112	(£59-59¾)
French 20s	$110-115	(£58-60½)	$106-112	(£56½-59¾)
50 pesos Mexico	$519-523	(£273½-275½)	$505-509	(£269¼-271½)
100 Cor. Austria	$404-409	(£212¾-215½)	$393-398	(£209½-212¼)
$20 Eagles	$540½-545½	(£284¾-287½)	$535-540	(£285¼-288)

OTHER CURRENCIES

July 10	£	$		£ Note Rates
Argentina Peso	8660-8680†	4612-4622†	Austria	32.40-32.75
Australia Dollar	1.6530-1.6570	0.8735-0.8740	Belgium	78.80-79.60
Brazil Cruzeiro	175.62-176.68	92.74-93.20	Denmark	14.45-14.50
Finland Markka	8.559-8.576	4.5230-4.5250	France	10.99-11.09
Greek Drachma	111.521-114.335	59.55-59.75	Germany	4.61-4.65
Hong Kong Dollar	10.726-10.746	5.6650-5.6700	Italy	2265-2315
Iran Rial	153.25*	81.00*	Japan	433-439
Kuwait Dinar (KD)	0.533-0.539	0.2826-0.2829	Netherlands	5.12½-5.15½
Luxembourg Frs.	75.70-75.80	40.00-40.02	Norway	11.40-11.52
Malaysia Dollar	4.43-4.44	2.3400-2.3430	Portugal	119-122
New Zealand Dlr	2.2450-2.2500	1.1855-1.1865	Spain	178-184½
Saudi Arab. Riyal	6.44-6.50	3.4030-3.4120	Sweden	9.71-9.81
Singapore Dollar	4.0710-4.0810	2.1500-2.1530	Switzerland	3.93½-3.97½
Sth African Rand	1.7155-1.7175	0.9050-0.9070	United States	1.88½-1.90
U.A.E. Dirham	6.94-7.00	3.6705-3.6735	Yugoslavia	69-77

†Rate given for Argentina is the commercial rate. The financial rate for sterling is 11,570-11,610 and for the dollar 6,150-6,200. *Selling rate. July 9 Malaysia dollar/sterling 4.3730-4.3890.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 10	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12⅛-12⅜	19¼-19½	18½-19½	11¼-11⅜	4-4½	11⅞-12	20-23	18-22	23-28	6⅜-6⅝
7 days' notice	12⅛-12⅜	19¼-19½	18½-19½	11⅜-11⅝	4½-5	11⅞-12	20-23	26-31	20-25	6⅜-6⅝
Month	12⅛-12⅜	19⅞-20⅛	19½-19⅞	11⅜-11⅝	9¼-9¾	12⅛-12⅜	21½-23½	29-31	20-22	6¾-7
Three months	13⅛-13½	18⅛-18½	19⅛-19½	11⅞-12	10⅛-10¼	12⅛-12⅜	21-23	28-29½	18-20	7¼-7½
Six months	13⅛-13⅜	17¾-18	18¾-19¼	11⅞-12⅛	10⅛-10⅜	12½-12¾	20½-21½	27-28	18-20	7¾-8
One Year	13⅛-13½	16⅞-17⅛	17⅝-18	11⅞-12⅛	9¼-9⅝	12⅛-12⅝	18½-19¾	25½-26½	16-18	8½-8⅝

SDR linked deposits: one-month 15⅞-16⅛ per cent; three-months 15⅝-16 per cent; six-months 15⅝-15⅞ per cent; one-year 14⅞-15 per cent.
ECU linked deposits: one-month 15⅞-16⅛ per cent; three-months 16⅛-16½ per cent; six-months 15⅞-16⅛ per cent; one-year 15⅛-15½ per cent.
Asian $ (closing rates in Singapore): one-month 20½-20⅝ per cent; three-months 18⅞-18⅞ per cent; six-months 18⅛-18⅛ per cent; one-year 16⅞-17 per cent.
Long-term Eurodollar two-years 16½-16⅞ per cent; three-years 15⅞-16⅛ per cent; four-years 15½-16 per cent; five-years 15½-15⅞ per cent; nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.70-18.80 per cent; three-months 18.20-18.30 per cent; six-months 17.50-17.60 per cent; one-year 16.60-16.70 per cent.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 10)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 5/16	offer 18 7/16	bid 18 1/16	offer 18 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

July 10 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11-13	11¾-12⅛	—	—	12¼-12½	11-12¼	—	—	—
2 days notice	—	—	12-12¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12-12¼	12¼-12⅜	—	12½	12½-12⅝	11¾-12¼	—	—	—
One month	12⅛-12⅜	12⅛-12⅜	12⅞	13⅜-13⅛	13	12⅞-13	12	12½-12⅞	12⅛-12⅜	13⅛
Two months	13¼-13⅛	13⅛-13⅜	—	14-13½	13⅛	13½	12¼-12⅜	12¾-12⅞	12⅞-13	13⅛
Three months	13⅛-13⅜	13⅛-13⅜	13⅝	14-13½	13¾	13⅝-13⅞	12½	12⅞	12⅞-13	13½
Six months	13⅜-13⅛	13⅜-13⅜	13¾	13⅞-13¾	14	14	—	—	12⅞-13	13½
Nine months	13⅜-13⅛	13⅜-13⅜	—	14¼-13¾	14	14½	—	—	—	—
One year	13⅛-13⅜	13⅜-13⅞	13⅞	14¼-13¾	14½	14¼	—	—	—	—
Two years	—	—	14½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14⅛ per cent; four-years 14½ per cent; five-years 14¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12 23/32-13 per cent; four-months trade bills 13½ per cent.

Approximate selling rate for one-month Treasury bills 12-12⅛ per cent; two-months 12⅜-12⅝ per cent; three-months 12⅜-12⅝ per cent. Approximate selling rate for one-month bank bills 12⅛-12⅝ per cent; two-months 12⅝ per cent; three-months 12⅝-12 11/16 per cent; one-month trade bills 13 per cent; two-months 13⅛ per cent and three-months 13⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from July 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 12.7365 per cent.

CURRENCY RATES

July 10	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.601009	0.545578
U.S. $	14	1.15741	1.03087
Canadian $	19.09	1.36855	1.24127
Austria Sch.	6¾	19.5839	17.7670
Belgian F.	13	45.5248	41.3379
Danish K.	11	8.70687	7.90831
D mark	7½	2.78040	2.52202
Guilder	9	3.09489	2.80575
French Fr.	9½	6.65954	6.03883
Lira	19	1385.65	1256.86
Yen	6¼	260.012	235.863
Norwgn. Kr.	9	6.90465	6.29086
Spanish Pts.	8	Unavail.	100.407
Swedish Kr.	12	5.87248	5.32619
Swiss Fr.	5	2.37150	2.14986
Greek Dr'ch.	20½	Unavail.	61.5841

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS—contd.

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NOTES

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FT UNIT TRUST INFORMATION SERVICE

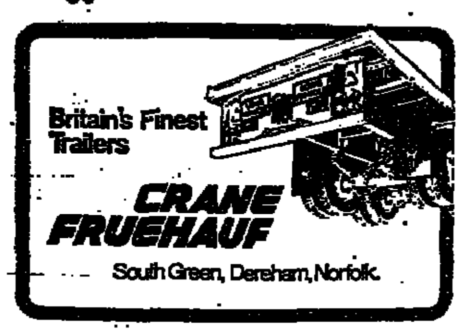
AUTHORISED UNIT TRUSTS

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE



BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
21F	21Aug	Exch. 3pc 1981	99	15.1	3.03	12.46
17May	17N	Treas. Variable '81‡‡	99¾	10.4	12.52	12.99
23May	23N	Exch. 12¾pc 1981‡‡	99⅞	16.4	12.76	12.74
15Jul	15Ja	Treas. 8½pc '80-82‡‡	97⅞xd	8.6	8.68	12.88
15Aug	15F	Treasury 3pc '82‡‡	95½xd	9.7	3.14	11.07
16S	16Mar	Treasury 14pc '82‡‡	100⅞	9.2	13.87	12.45
15D	15Jun	Treas. Variable '82‡‡	99½	11.5	12.55	13.02
5Ja	5Jul	Treasury 8¼pc '82	95⅛	1.6	8.69	12.86
22Mar	22S	Exch. 9¼pc 1982	95⅜	13.2	9.69	13.45
5Jul	5Ja	Exch. 8¾pc 1983	94⅝	1.6	9.24	12.81
21Aug	21F	Exch. 3pc 1983	89⅝	15.1	3.35	10.32
17S	17Mar	Treasury 12pc 1983‡‡	96⅞	9.2	12.38	14.08
24N	24May	Treas. Variable '83‡‡	99⅛	21.4	12.59	12.94
18Ja	18Jul	Treasury 9¼pc '83	93xd	11.6	9.94	13.93
22May	22N	Exch. 13½pc '83	99	15.4	13.63	13.94
12Jun	12D	Exch. 10pc 1983	92⅜	6.5	10.82	13.84
15Jul	15Ja	Funding 5½pc '82-84‡‡	87⅝xd	8.6	6.29	11.42
20Aug	20F	Exch. 11¼pc 1984	93⅝	14.1	12.01	14.24
22N	22May	Exchequer 14pc 1984	99½	15.4	14.07	14.17
19D	19Jun	Exch. 3pc 1984	81⅝	13.5	3.68	10.54
26Mar	26S	Treasury 12pc 1984	94½	17.2	12.69	14.13
22Aug	22F	Treasury 15pc 1985	101⅝	16.1	14.76	14.38
22S	22Mar	Exch. 12pc Cnv. '85	93⅜	—	12.85	14.72
21N	21My	Treasury 3pc 1985	75⅝	14.4	3.97	11.00
15Jan	15Jul	Treasury 11½pc 1985●	91⅝	—	12.61	14.46
22May	22N	Exch. 12¼pc 1985	93	15.4	13.17	14.43
25Aug	25F	Exch. 11¾pc '86	91	19.1	12.91	14.47
19N	19May	Treasury 3pc 1986●	69⅝	—	4.32	11.40
12D	12Jun	Treasury 12pc '86	91¾	6.5	13.07	14.37
10Ja	10Jul	Treasury 8½pc '84-86‡‡	83xd	3.6	10.24	13.26

Five to Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
22Jul	22Ja	Exch. 13¼pc 1987	95⅝xd	15.6	13.88	14.33
1N	1May	Funding 6½pc '85-87‡‡	76⅜	25.3	8.62	12.69
3 May	3N	Treas. 12pc 1987	91¼	29.9	13.49	14.72
26Jul	26Ja	Treasury 7¾pc '85-88‡‡	75⅜xd	19.6	10.17	13.33
1Ja	1Jul	Transport 3pc '78-88	60½	26.5	4.96	11.38
22Aug	22F	Treasury 11½pc 1989	87⅞	16.1	13.86	15.36
22Aug	22F	Do. A	88⅝	—	13.88	15.38
15Ap	15Oct	Treasury 5pc '86-89	62½	9.3	8.15	12.69
15Jul	15Ja	Treasury 13pc 1990‡‡	90¼xd	8.6	14.39	15.04
22Sept	22Mar	Exch. 12½pc 1990	89	—	14.49	15.41
15D	15Jun	Treasury 8¼pc '87-90‡‡	74	11.5	11.24	13.45
10Jul	10Ja	Treasury 11¾pc 1991	82½xd	3.6	14.25	15.31
5Oct	5Ap	Funding 5¾pc '87-91‡‡	61⅝	23	9.57	13.12
25Ap	25Oct	Exch. 11pc 1991	80⅝	19.3	14.10	15.29
22Jul	22Ja	Treasury 12¾pc '92‡‡	87¼xd	15.6	14.58	15.17
21Aug	21Fb	Treasury 10pc 1992	77⅜	15.1	13.56	15.01
25Fb	25Aug	Exch. 12¼pc '92	87⅞	19.1	14.71	15.44
22Mar	22S	Exchequer 13½pc '92	93½	13.2	15.11	15.51
14Ja	14Jul	Treasury 12½pc '93‡‡	85½	8.6	14.61	15.15
15Mar	15S	Funding 6pc 1993‡‡	59⅝	6.2	10.40	13.07
23May	23N	Treasury 13¾pc 1993‡‡	92⅝	16.4	15.13	15.04
1S	1 Mar	Treasury 14½pc '94‡‡	100	23.1	15.31	15.45
27O	27Ap	Exchequer 13½pc 1994	92	23.3	15.14	15.35
22F	22Aug	Exch. 12½pc 1994	89	16.1	14.85	15.33
17May	17N	Treasury 9pc '94‡‡	70¼	10.4	13.07	14.27
25Jul	25Ja	Treasury 12pc '95	81¾xd	18.6	14.67	15.21
1N	1May	Gas 3pc '90/95	46¼	25.3	6.58	10.68
21Ja	21Jul	Exch. 10¼pc 1995	72⅞xd	15.6	14.02	14.87
15May	15N	Treasury 12¾pc '95‡‡	86¼	8.6	14.81	15.13
22Jul	22Ja	Treas. 14pc '96	91½xd	15.6	15.24	15.41
15S	15Mar	Treasury 9pc '92/96‡‡	70½	6.2	13.32	14.35
3N	3May	Treasury 15¼pc '96‡‡	101⅝	27.3	15.49	15.50
15N	15May	Exchequer 13¼pc '96‡‡	90⅝	8.4	14.97	15.21

Over Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
—		Treas. 2pc I.L. '96‡‡	94	—	2.32	2.74
1Ap	1Oct	Redemption 3pc 1986-96	46¼	23.2	6.60	10.09
22Jul	22Ja	Treasury 13¾pc '97‡‡	88¼xd	15.6	15.81	15.23
21Aug	21F	Exchequer 10½pc 1997	78	15.1	14.20	14.82
1Mar	1S	Treasury 8¾pc 1997‡‡	69¼	23.1	13.24	14.13
1N	1May	Treasury 6¾pc '95-98‡‡	57¼	25.3	12.07	13.41
30Mar	30S	Treas. 15½pc '98‡‡	104⅝	23.2	15.47	15.44
20May	20N	Exch. 12pc 1998	82½	13.4	14.86	15.15
15Jul	15Ja	Treasury 9½pc 1999‡‡	69⅝xd	8.6	13.63	14.24
26S	26Mar	Exch. 12¼pc 1999	85⅞	17.2	14.54	15.14
26S	26Mar	Do. 'B'	87¼	—	14.94	15.19
19N	19May	Treasury 10½pc 1999	75	13.4	14.30	14.74
14Ja	14Jul	Treas. 13pc 2000	86¾xd	8.6	14.97	15.13
22N	22May	Treas. 14pc '98-01	93⅝	15.4	15.23	15.29
22Jul	22Ja	Exch. 12pc '99-02	80½xd	15.6	14.85	15.04
25Ja	25Jul	Treas. 13¾pc 2000-03	90½xd	18.6	15.18	15.25
19S	19Mar	Treasury 11½pc '01-04	81⅞	10.2	14.70	14.85
14Ja	14Jul	Funding 3½pc '99-04	35⅝xd	8.6	9.82	11.53
21May	21N	Treasury 12½pc '03-05	86	14.4	14.84	14.91
19Ja	19Jul	Tr. 2pc I.L. (£30pd)‡‡	33	—	2.20	2.59
5Ap	5Oct	Treasury 8pc '02-06‡‡	62¾	2.3	13.20	13.52
22Jul	22Ja	Treasury 11¾pc 03-07	79¾xd	15.6	14.68	14.77
26S	26Mar	Treas. 13½pc '04-08	94¼	17.2	14.96	14.96
10Mar	10S	Treasury 5½pc '08-12‡‡	46⅜	2.2	12.36	12.69
26Jul	26Ja	Treasury 7¾pc '12-15‡‡	58½xd	19.6	13.18	13.31
12 Jun.	12D	Exch. 12pc '13-'17	85⅛	6.5	14.26	14.27

Undated

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1F.	1Aug.	Consols 4pc	29⅝xd	29.12	13.52	—
1Jun	1D	War Loan 3½pc‡‡	28¼	27.4	12.56	—
1Ap.	1Oct.	Conv. 3½pc '61 Aft.	33⅞	23.2	10.64	—
5Ap	5Oct	Treasury 3pc 66 Aft.	22½	2.3	13.83	—
5Ja.A.J.O.		Consols 2½pc	18⅞	1.6	13.28	—
1Ap	1Oct	Treasury 2½pc	19	23.2	13.66	—

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

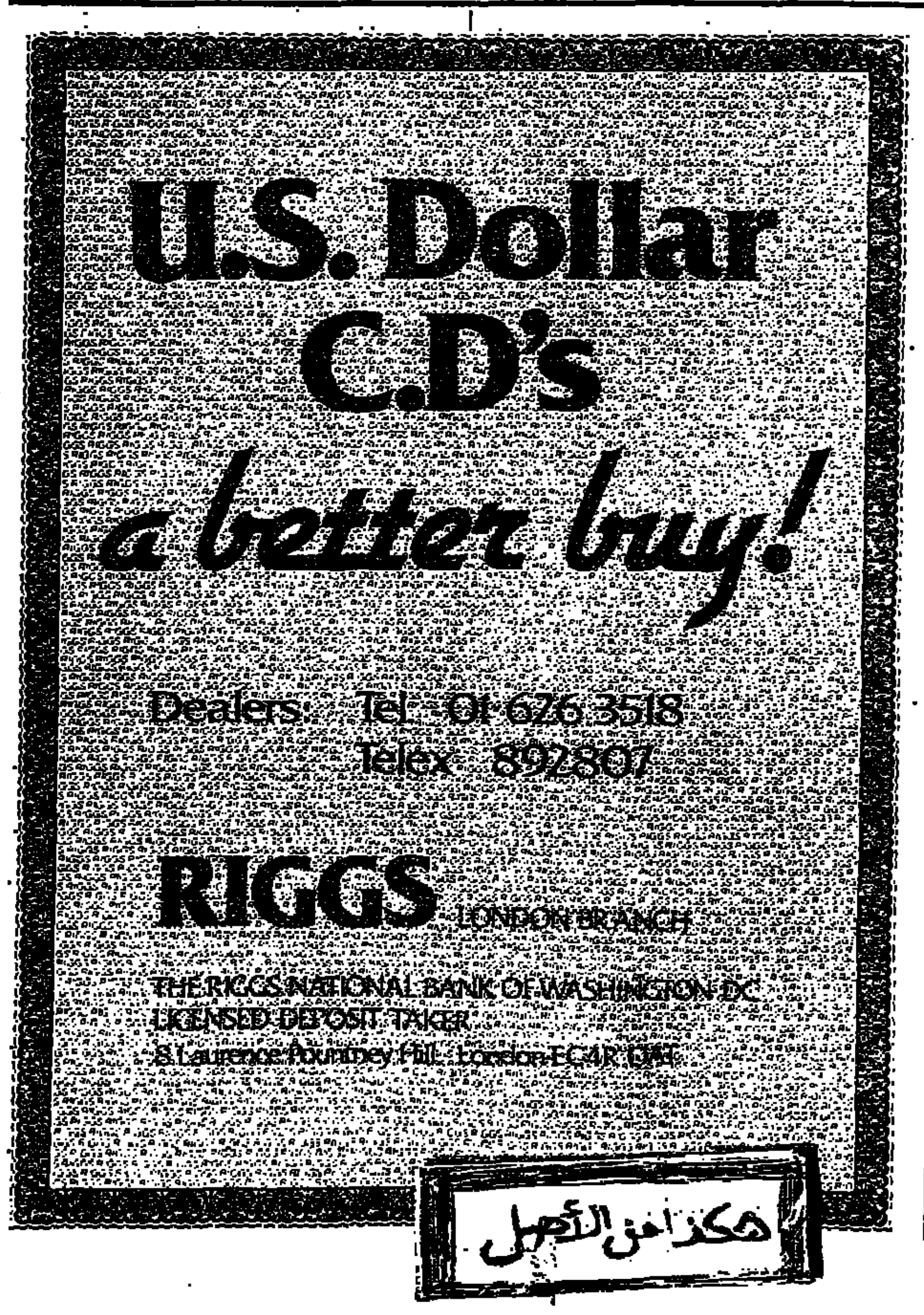
Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
15F	15A	Int. Bank 5pc '77/82.	90¾	16.1	5.51	14.30
15M	15S	Sweden 13½pc 1986	93¾	—	14.40	15.40

CORPORATION LOANS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
30A	31O	Bath 11¼pc 1985	88¾	31.3	12.58	14.82
1J	1D	Birm'ham 12½pc 1985	93½	1.5	13.37	14.70
1J	1D	Burnley 13pc 1987	92½	1.5	14.25	15.29
24A	24O	Cardiff 11pc 1986	87½	24.3	12.89	15.11
25M	25N	G.L.C. 12½pc '82	98¾	27.4	12.66	14.80
10F	10A	Do. 12½pc 1983	96¼	12.1	12.98	14.65
15M	11N	Glasgow 9¼pc '80-82	94¼	23.4	9.81	14.10
1F	1A	Herts 6½pc 1985-87.	68½xd	2.1	9.78	14.63
—		Leeds 13½pc 2006	87	—	15.76	15.84
15M	15N	Liverpool 9¼pc '80-84.	88¾	15.4	10.99	14.67
1Ja.A.J.O.		D. 3½pc Irred.	24	2.3	14.88	—
15M	15N	Lon. Corp. 13¼pc '83.	97¼	15.4	13.61	14.61
1A.	1O.	Do. 9¼pc '84-85	87	2.3	10.63	13.34
15J	15J	LCC 5½pc '82-84	79xd	15.6	6.95	14.28
1J	1D	Do. 5½pc '85-87	64½	11.5	8.58	14.79
10Ja	10J	Do 6¾pc '88-90	62¾	10.6	10.83	14.32
1M.J.S.D.		Do. 3pc '20 Aft.	20¾	1.5	14.91	—
15J	15D	Sunderland 12¾pc 1984.	93¼	15.5	13.12	14.76

COMMONWEALTH AND AFRICAN LOANS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1A	1O	Aust. 5½pc '81-82	96¼	27.2	5.80	13.15
1J	1D	Do. 6pc 1981-83	85	30.4	7.11	13.84
1Ja	1J	N.Z. 7¼pc 1988-92	60	1.6	12.10	14.72
15J	15D	Do. 7½pc '83-86	75	15.5	10.06	14.95
1A	1O	S. Rhod. 2½pc Non-Ass.	137	3.66	—	—
—		Do. 3½pc 80-85 Asstd.	58	10.2	6.15	19.00
—		Do. 4½pc 87-92 Asstd.	41xd	7.1	10.98	16.80
—		Zimbabwe Ann (£100pa)	380	—	—	21.72



LOANS

Public Board and Ind.

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1Ja	1J	Agric. Mt. 5pc '59-89	60½	1.6	8.28	13.15
1M	1S	Met. Wtr. 3pc 'B'	25¾	2.2	12.11	14.36
30J	31D	U.S.M.C. 9pc 1982	104	31.12	8.75	—
30J	31D	Do. without Warnts.	93	31.12	9.78	16.90

Financial

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
20J	20D	FFI 14pc '83	97¼	20.5	14.32	15.10
31M	30S	FFI(UK Fn)5½pcDb. '80-2.	91½	31.3	6.19	16.07
31M	30N	Do. 6¼pcDb. '81-84	78	31.3	8.14	15.40
11Ja	11J	Do. 10½pc Uns.Ln. '86	85½xd	15.6	12.28	15.80
11Ja	11J	Do. 11pc Uns.Ln. '88	81½xd	15.6	13.50	14.98
11Ja	11J	Do. 11¾pc Uns.Ln. '90	83xd	15.6	14.24	15.50
14Mr.	14S	Do. 12½pc Un. Ln. 1992	87½	14.3	14.94	15.70
30J	31D	Do. 7¼pcADeb. '89-92	57	18.5	12.97	15.60
31M	30S	Do. 7¼pcADeb. '91-94	57	31.3	13.51	15.40
31M	30S	Do. 9pc 'A' '91-94	65½	31.3	14.41	15.90
28F	31A	Do. 8⅞pcLn. '92-97	63½	26.1	14.06	15.80

FOREIGN BONDS & RAILS

Interest Due		Stock	Price £	Last xd	Div % Gross	Red. Yield
—		Antofagasta Rly.	85	871	—	—
1Ja	1J	Do. 5pc Pref.	55	2.1	—	—
1Ja	1J	Chilean Mixed	98	24.12	3	13.07
—		Chinese 4½pc 1898	15	—	—	—
—		Do. 5pc 1912	14	—	—	—
—		Do. 5pc 1913	9	—	—	—
—		Do. 5pc '25 Boxer	9	—	—	—
30 Jun.	31D	Denmark 13pc 2005.	80¾	3.6	13	16.24
1M	1N	Greek 7pc Ass.	40	1.5	3½	f8.92
1F	1A	Do. 6pc 28 Stb. Ass.	35	2.2	3	f8.92
1A	1O	Do 4pc Mixed Ass.	32	2.1	2	f6.41
May 1		Hung. '24 Ass	48	1.5	2¼	f5.79
—		Hydro Quebec 15pc Ln 2011	17	—	15	16.09
30J	31D	Iceland 6½pc '83-88	67	5.6	6½	13.80
31J	31J	Do. 14½pc Ln. 2016	85xd	—	14½	16.92
10Ja	10J	Ireland 7½pc '81-83.	86¼	10.6	7½	15.69
1M	1S	Do. 9¾pc '91-96	73¼	13.2	9¾	14.77
1J	1D	Japan 4pc '10 Ass	215	3.6	—	13.00
30J	31D	Do. 6pc '83-88	67xd	31.12	6	f3.19
1A	1O	Peru Ass. 2007	165	1.4	5.22	f3.17
—		Pet. Mx 14½pc '06.	88	—	14½	16.69
May 1		Turin 9pc 1991	$77½	1.5	—	f11.61
15A.	15O.	Turin 6½pc 1984.	DM90	15.4	—	9.88
1F.M.A.N.		Uruguay 3½pc	96	2.2	3½	3.90

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPERS, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—		Acmex 50c	42	—	Q2.5c	—	3.5
—		ACM 20c	32	—	—	—	—
—		Argosy Gold NL 25c	14	—	—	—	—
—		Bond Corp.	195	—	Q7½c	1.9	2.2
Nov.	Apr.	Bougainville I Kina	92	7.3	Q25.7c	1.0	16.0
—		CRA 50c	236	16.3	Q19c	1.7	4.6
—		Canada Northwest	16	—	—	—	—
—		Carr Boyd 20c	18	—	—	—	—
—		Central Pacific	65	—	—	—	—
—		Cons. Gold Mns. N.L. 50c	15	—	—	—	—
—		Cultus Pacific N.L.	31	—	—	—	—
—		Eagle Corp. 10c	56	—	—	—	—
—		Endeavour 20c	32#	—	—	—	—
June		G. M. Kalgoorlie 25c	385	5.79	†Q13c	ϕ	2.0
—		Great Eastern	11	—	—	—	—
Sept.	Feb.	Hampton Areas 10p	205xd	29.6	25	ϕ	1.7
—		Haoma Gold N.L.	52	—	—	—	—
—		Intl. Mining	30	—	—	—	—
—		Jimberlana (50cFP)	47	—	—	—	—
—		Kitchener NL 25c	155	—	—	—	—
—		Leichardt Expln.	40	—	—	—	—
—		Meekatharra	340	—	—	—	—
—		Metals Ex. 50c	59	—	¶Q3c	2.9	2.6
—		Metramar Mns. 20cts.	29	—	—	—	—
—		Mid East Mns. NL	12	—	—	—	—
Oct.	Apr.	M.I.M. Hldgs. 50c	237	15.2	‡Q27.4c	1.7	‡
—		Minefields Expl. 25c	12	—	—	—	—
—		Mount Lyell 25c	118	—	ϕ†Q15c	1.7	7.4
—		Newmetal 20c	15	—	—	—	—
—		Nickelore N.L.	54	—	—	—	—
June	Nov.	North B. Hill 50c	184	19.11	Q18c	3.1	5.7
—		Nth. Kalgurli	76	—	—	—	—
—		Nth. Mining Corp.	188#	—	ϕ—	—	—
—		N. West Mining N.L.	44	—	—	—	—
May	Nov.	Oakbridge 50c	138	27.10	tQ12c	1.1	5.0
—		Oilmin N. L.	160	—	—	—	—
—		Pacific Copper	182	—	—	—	—
—		Pancont'l 25c	365	—	—	—	—
—		Paringa M&Ex. 5p	82	—	ϕ—	—	—
Apr.	Oct.	Peko-Wallsend 50c	465	12.3	‡Q22½c	ϕ	2.8
—		Pelsart Res NL	32	—	—	—	—
—		Seltrust A	90	—	—	—	—
—		Southern Pacific	27	—	—	—	—
—		Swan Resources 20c.	90	—	—	—	—
—		West Coast 25c	13	—	—	—	—
Oct.	May	Westn. Mining 50c	301	16.3	Q14c	1.6	2.7
—		Westmex	16	—	—	—	—
—		Whim Creek 20c	54	—	—	—	—
—		York Resources	60	—	—	—	—

Tins

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Feb.	Apr.	Amal Nigeria 1p	9	—	‡6.0	—	—
Apr.	Nov.	Ayer Hitam $M1	250	16.3	‡Q205c	1.0	‡
Dec.	July	Beralt Tin	105	30.6	ϕ5.0	3.3	6.8
Feb.	Aug.	Geevor	105	16.6	—	—	—
—		Gold & Base 12½p	10½	1074	—	—	—
July	Jan.	Gopeng Cons.	520	1.5	‡30.0	1.8	‡
Dec.	Aug.	Hongkong	355xd	29.6	21.0	ϕ	8.4
July	Sept.	Idris 10p	132	1.6	9.0	0.8	9.7
June		Jantar 12½p	39	2.6	3.0	ϕ	11.9
September		Kamunting $M0.50	85	24.12	‡Q80c	1.0	‡
Oct.	Apr.	Killinghall $M1	625	9.2	‡Q66.7c	ϕ	2.2
Jan.	May	Malay Dredging 10c	114#	14.4	ϕ‡Q38c	0.9	6.8
—		Pahang	61	27.11	0.63	0.8	1.5
July	Jan.	Pengkalen 10p	110	1.5	3.5	0.6	4.5
June	Jan.	Petaling $M1	330	15.6	‡Q180c	1.4	‡
Oct.	Feb.	South Crofty 10p	24#	28.12	‡1.0	4.4	‡
Jan.	Aug.	Sungei Besi $M1	215	8.12	‡Q480c	1.1	‡
—		Supreme Corp. $M1	185	974	‡Q15½c	ϕ	1.7
Mar.	July	Tanjong 15p	118	15.6	3.5	3.7	4.2
Sept.	Mar.	Tongkah H. Tin $Sn	75	21.5	Q29%	0.4	6.1
Oct.	June	Tronoh $M1	350	1.6	Q110c	1.2	6.4

Copper

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
January	Messina R0.50	310xd	29.6	†Q45c	4.7	8.3

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—		Anglo-Dominion	155	—	—	—	—
—		Barymin	47	—	—	—	—
May		Burma Mines 10p	19	30.3	0.75	0.9	5.6
—		Colby Res. Corp.	270	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c.	230	30.6	tQ30c	1.8	7.5
—		††Hemerdon 10c.	60	—	—	—	—
—		Highwood Res.	145	—	—	—	—
—		Northgate C$1	335	977	—	—	—
Jan.	July	R.T.Z.	525	18.5	16.0	3.2	4.4
—		Do. 9¼% Cn Ln '85-'90	£116	18.5	Q9¼%	—	f8.2
—		††SPO Minerals 10p	32xr	—	—	—	—
—		Sabina Inds. C$1.	30	—	—	—	—
—		††SWCM 10p	36	—	—	—	—
—		Tara Expln. $1	540	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♯ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ♯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- ‖ No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; ☆ ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+/-
Albany Inv. 20p	43	......
Bertam	12½	−½
Bdg'wtr. Est. 50p	490	......
Craig & Rose £1	£12½	......
Finlay Pkg. 5p	22	......
Graig Ship. £1	£20½	......
Higsons Brew	70	......
Holt (Jos) 25p	485	+5
I.O.M. Stm. £1	158	......
Pearce (C. H.)	899	......
Peel Hldgs.	108	......
Sheff. Refrsmt	97	......
Sindall (Wm.)	195	......

IRISH

Stock	Price	+/-
Conv. 9% '80/82	£91⅞	......
Nat. 9¾% 84/89	£89	......
Fin. 13% 97/02	£79½	......
Alliance Gas	69	......
Arnott	235	......
Carroll (P.J.)	85xd	......
Concrete Prods.	95	......
Heiton (Hldgs.)	38	......
Ins. Corp.	480	......
Irish Ropes	48	......
Jacob	99	......
T.M.G.	15	−1
Unidare	100	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	14	Utd. Drapery	4½
BOC Intl.	11	I.C.I.	29	Vickers	18
B.S.R.	7	"Imps"	7	Woolworths	6
Babcock	11	I.C.L.	6	**Property**	
Barclays Bank	36	Ladbroke	30	Brit. Land	8
Beecham	18	Legal & Gen.	20	Cap. Counties	11
Blue Circle	35	Lex Service	10	Land Secs.	37
Boots	20	Lloyds Bank	28	MEPC	20
Bowaters	24	"Lots"	4½	Peachey	15
Brit. Aerospace	17	London Brick	7	Samuel Props.	13
B.A.T.	25	Lucas Inds.	18	Town & City	2¼
Brown (J.)	9	"Mams"	20	**Oils**	
Burton Ord.	14	Mrks. & Spncr	11	Brit. Petroleum	33
Cadburys	7½	Midland Bank	26	Burmah Oil	16
Courtaulds	7	N.E.I.	8	Charterhall	8
Debenhams	10	Nat. West. Bank	32	KCA	22
Distillers	17	P & O Dfd.	12	Premier	7½
Dunlop	6½	Plessey	28	Shell	32
Eagle Star	25	Racal Elect.	34	Tricentrol	30
F.N.F.C.	3	R.H.M.	5	Ultramar	44
Gen. Accident	30	Rank Org. Ord.	18	**Mines**	
Gen. Electric	60	Reed Intnl.	25	Charter Cons.	21
Glaxo	28	Sears	5	Cons. Gold	45
Grand Met.	18	Tesco	5½	Lonrho	9
G.U.S. 'A'	44	Thorn EMI	30	Rio T. Zinc	45
Guardian	30	Trust Houses	15		
G.K.N.	15	Tube Invest.	18		
Hawker Sidd	25	Turner & Newall	18		
		Unilever	50		

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FINANCIAL TIMES
Monday July 13 1981

Receiver threat to BPC plant

BY CHRISTINE MOIR

A RECEIVER could be called in to British Printing Corporation's Park Royal works this afternoon if a meeting of the Society of Graphical and Allied Trades (Sogat) this morning refuses to implement a survival plan to which the union agreed in April.

Mr Robert Maxwell, chief executive of BPC, yesterday accused the local and London Central branches of Sogat of "reneging" on an unconditional agreement signed after an industrial dispute which closed the works in April and delayed the £10m rescue of the company by Mr Maxwell.

He also said that by refusing to implement the agreement they were "defying" their own general secretary, Mr Bill Keys. Mr Keys wrote to Mr Maxwell on July 6: "I have issued instructions that the survival plan be observed."

The plan involves the unions accepting a number of redundancies at Park Royal of workers over retirement age, and the temporary transfer of a fifth of the print run of the Radio Times to the company's works at East Kilbride, near Glasgow.

About a third of the 600 workers at Park Royal are Sogat members. The other two printing unions, Natsopa and the National Graphical Association, to which most of the remainder belong, have already agreed to the plan.

Mr. John Mitchell, secretary of the London Machine branch of Natsopa, said that his union had met on Friday and agreed to the proposals.

"Feelings are running quite high," he said, "but each print union has the sovereignty to make its own decisions. Mr George Willoughby (who is responsible for Sogat's London Central branch) seems to be persuaded that the transfer of the run to East Kilbride is an issue on which he is prepared to fight to the end."

The unions fear that the transfer of part of the Radio Times printing may not be temporary. Yesterday Mr Maxwell was unable to say when the printing would return to Park Royal. It was being transferred to East Kilbride, he said, both to enable the East Kilbride plant to survive, and to re-equip Park Royal.

Mr Maxwell said: "This trouble is solely due to the chaos caused by the Sogat local and London Central branches reneging on an agreement without which the Park Royal factory cannot continue to operate. I have spoken to Mr Keys and he is doing his best to see that the calamity does not happen.

"If the chapel [local union branch] refuses to implement the plan in the morning, BPC will appoint a receiver immediately following. That would mean the loss of 682 well paid jobs."

Last night Mr Keys said the outlook for a solution was "bleak." He knew of no fresh propositions likely to emerge today.

He also confirmed the seriousness of Mr Maxwell's threat to appoint a receiver. The decision might well be out of Mr Maxwell's hands and in those of the bankers who laid down the conditions on which they were prepared to finance the rescue in April, he said.

Further inflation decline unlikely

By Peter Riddell, Economics Correspondent

A FURTHER significant slowdown in the annual inflation rate from the current level of 11-12 per cent is unlikely over the next few months.

The 12-month rate of increase of retail prices—11.7 per cent in mid-May—will now almost certainly not decline by the end of this year to the 10 per cent level forecast by the Treasury in March.

The retail prices index for mid-June, to be published on Friday, is expected by more City and business forecasters to confirm this.

The J. Henry Schroder Wagg merchant banking group, in its latest economic perspective, says the annual inflation rate is likely to be kept to low double figures in 1982, but adds there is little immediate prospect of a fall to single figures.

Other key indicators due this week will provide further evidence on how far the recession has bottomed out. In particular, industrial production figures for May are due out to-day, though they will probably be adversely affected by motor industry disputes during the month.

Although the recent Treasury forecast has not been published there is no doubt that the projections on UK inflation are less optimistic than in the spring.

The main reason is the fall in sterling, and the consequent rise in raw material costs. This has partially offset the favourable effect of the slower growth of labour costs and pushed back the achievement of a single figure rate of inflation until the second half of 1982, at the earliest.

● A call for the Government to launch an incomes policy to limit wage growth is made by Professor Maurice Peston, professor of economics at Queen Mary College, London, writes David Marsh.

In this month's Lloyds Bank Review, Professor Peston says the switch is needed because the alternative of free collective bargaining, coupled with an attempt at rigid monetary control, has failed.

THE LEX COLUMN

France under new management

Last week the National Assembly in Paris resounded to the thuds of a sweeping manifesto being put into action. Financial markets have learnt over the past couple of years how painful radical policies can be when implemented by Right-wing governments; coming from the other direction, they are almost too alarming to contemplate.

The nationalisation proposals topped the bill on Wednesday, but plenty of other changes are already in place. Rises in social security payments, the minimum wage and industrial subsidies amount to an injection of roughly FFr 65bn into the economy, only part of which will be recovered through taxation.

Even under the old regime France was heading into relatively choppy waters this year. Sharply rising imported energy costs were pushing up the current account payments deficit, and the offsetting factor — lower imports of capital goods as industrial investment slumped — was hardly consoling.

Interest rates had to stay fairly high to protect the franc and allow a rapidly growing budget deficit to be funded. Unemployment was heading up to 2m, according to the OECD, French youth unemployment is now heading for 20 per cent. For the incoming Socialist government, there could be no doubt about priorities.

M Delors, the new Finance Minister, has made plenty of comforting noises to reassure foreign capital. Price controls on industry will not be re-imposed, the Government intends to maintain the franc in the European Monetary System, the additional FFr 30bn or so of budget deficit will be covered by sales of bonds. But M Delors's publicly expressed opposition to the nationalisation programme simply illustrates the gulf between him and much of the administration.

The strategy of modest reflation relies on higher tax receipts as the home market responds, a recovery in demand among France's major trading partners, and perhaps a somewhat softer dollar. The margin of error is very small, and the stakes have been raised steeply. To his own party, M Delors may end up looking too much like his conservative predecessors. If the economy continues to stagnate, and unemployment keeps on rising (despite state control of half the corporate sector) the ideologues may oust the technocrats.

Already it looks as though an upturn in European trade has been delayed, while French consumer confidence appears to be deteriorating: the savings ratio, which fell throughout last year and helped maintain economic activity, is apparently beginning to rise. The 1981 reflation is aimed at boosting low incomes, and it may simply lead to higher purchases of cheap consumer goods, which are largely imported. The international confidence enjoyed by the Giscard/Barre regime allowed trouble-free financing of a growing French payments deficit. M Delors may find capital inflows harder to come by.

Wage push

There will also be upward pressure on prices. One of the earliest acts of the incoming government was to raise fuel prices and state sector rents—much as the previous regime constantly did—to save subsidies.

The rise in the minimum wage has pushed up expectations for the autumn wage round throughout the economy, and the trade unions, having already won a small reduction in the working week, seem to be talking in terms of rewards rather than restraint. All in all the 12-month rise in retail prices may be heading for 16 per cent by the turn of the year and 18 per cent in early 1982: uncharted and unstable territory.

For the moment, at least, the tightening of exchange controls and the expenditure of $10bn on support operations has given the franc some technical strength. The Bank of France has been able to relax short-term interest rates slightly, and it has begun to push liquidity back into the money markets (to the alarm of some right-wing economists).

Lower minimum reserve requirements are worth FFr 20bn to the banking system, and the authorities have returned to making outright purchases of money market paper, after a long period of emergency in which they relied on overnight lending.

However, interest rates still need to be very high—18 per cent overnight and 17½ per cent in the state-guaranteed sector of the long bond market—and already some parts of the administration are beginning to fret about the costs of financial orthodoxy. The state is probably looking for some "cheap" way of funding the additional budget deficit (recent history suggests that gold-linked bonds are an unlikely expedient). Subsidised loans to small companies are mushrooming, and the official dissatisfaction with market mechanisms could easily throw up some formal two-tier credit markets. An entirely nationalised banking system is widely seen as a sort of financial public service.

Nationalisations apart, then, it is no wonder the Bourse is demoralised. A combination of higher financial and labour costs, rising import prices and falling domestic demand threatens to produce some pretty poor corporate results this year. The Monory tax concessions will presumably be allowed to expire at the end of 1981, and the tax credit on dividends is under a cloud. Foreign investors may soon be hunting for bargains, but probably not so long as the franc looks vulnerable on anything longer than a three-month view.

The French experiment has its exhilarating side, and M. Delors is walking his moderate tightrope in the Rue de Rivoli. But the visitor from the City of London who would feel most at home in Paris just now is the Government Broker.

Citicorp and Midland in travellers' cheque talks

By William Hall and Alan Friedman

CITICORP, the world's largest bank, has approached the Midland Bank to discuss the future of its Thomas Cook travellers' cheque business. Midland's planned sale of the concern to a consortium of European banks fell through last month.

At the request of Citicorp, Mr John Brooks, deputy chief executive of the Midland Bank group, met senior executives from Citicorp in London on Friday. Mr Brooks said he discussed possible ways of developing the travellers' cheque business.

He said there was "no question of an offer being made" for the Cook operation. It was "merely a discussion."

Travellers' cheques estimated market shares (by per cent)

American Express	45
Bank of America	15
Citicorp	14
Thomas Cook	11
Visa	7
Others	8

Total sales worldwide in 1980 are estimated at $35bn.

One of the subjects discussed, according to Mr J. W. Taylor, vice-president for corporate development of Citicorp, was the "logical evolution of Thomas Cook." This could mean either the purchase of the Cook cheque business or some form of association.

"You can't rule out any alternatives," said Mr Taylor. However, he added that Midland had expressed a desire to continue negotiating with Euro Travellers Cheque International (ETCI), the consortium of European banks set up to launch a European travellers cheque.

Citicorp's entry into the controversy about the future direction of Thomas Cook's travellers' cheque business comes at a delicate time for Midland Bank, which owns 100 per cent of Cook. ETCI, which was set up nearly two years ago, agreed in March 1980 to purchase the Cook business from Midland for about £14m and develop it as the basis of a worldwide travellers' cheque system.

The ETCI deal depended on a unified approach among German banks. Germany, which has been allocated a 20 per cent shareholding in ETCI, is regarded as the market with the most potential.

American Express has been able to undermine this German unity by persuading German savings banks, which have 17,000 branches and account for more than 50 per cent of the private banking customers in the country, to sell its cheques on a preferential basis.

The future of ETCH and Cook is to be reconsidered at a meeting scheduled for July 23.

British Columbia faces strike in forest products industry

BY VICTOR MACKIE IN OTTAWA

THE FOREST products industry in the Canadian province of British Columbia was set for an all-out strike from today after wage talks broke down at the end of last week.

The Pacific province accounted for nearly 15 per cent of the country's total newsprint capacity last year, a share which is forecast to rise to around 17.5 per cent in 1983.

The industry in British Columbia was bracing itself for a full strike after the largest of the three trade unions involved, the International Woodworkers of America, failed to achieve the wage deal it wanted.

The IWA held last-minute talks with Forest Industrial Relations, the employers' bargaining agent, aimed at reopening talks on its final offer of 26 per cent over two years.

Mr Jack Munroe, IWA's regional president in Vancouver, said his members — 28,000 in British Columbia — would never accept the proposed package. Other forestry unions have said they will also stop work if the IWA members walk off the job today.

Before the IWA's decision on full strike action, big plants in the province had been affected by wildcat strikes and picketing. More than 56,000 people are employed in the industry in the province.

Disrupted plants included those owned by MacMillan Bloedel, Canada's largest forest products concern and now 49 per cent controlled by Noranda Mines; Canadian Forest Products; Weyerhaeuser Canada; Eurocan Pulp and Paper; Prince George Pulp and Paper; and British Columbia Timber.

The offer rejected by the IWA would have given its members successive yearly wage rises of 14 and 12 per cent plus a cost-of-living clause.

Last year, Canada exported 7.8m metric tons of newsprint, far more than any other region. It also exported 7.2m tons of wood pulp.

Kania wins point Continued from Page 1

created Solidarity and they themselves must take care of the situation to ensure that there will not be any anti-Soviet activity. Such action could have unpredictable consequences for the party I belong to."

Speaking to Polish and foreign journalists, Mr Bratkowsky said that the Polish Press had been extremely restrained in commenting on Soviet-Polish relations.

At the same time, Mr Bratkowsky warned against allowing Polish hardliners too much of a say at the congress. These ultra-conservatives comprise only 10 per cent of the delegates, Mr Bratkowsky said, and should not be allowed to dominate proceedings.

The ultimate aim of the congress should be to stabilise the situation between workers and the party, above all by adjusting the complexion of the party. Then the country can set about devising ways of regulating Poland's path to economic recovery, he said.

David Satter adds from Moscow: The Soviet Union expressed muted concern at the weekend over the composition of delegates to the Polish congress, but appeared fully reconciled to the congress taking place.

In the first Soviet media comment in several days on the congress, a television report from Warsaw said that in view of the delegates selected for the congress, the orthodox Marxist-Leninists faced a difficult political struggle.

Some of the delegates held views which were described by Lenin as "opportunist" and matters were not helped by the fact that only a little more than 20 per cent of the delegates were workers.

The Soviet television comment indicated, however, that it was now up to the Poles to work out their political conflict themselves. It suggested that a favourable outcome was possible. The future of Poland would be determined by events at the congress, the broadcast concluded.

In the first favourable reference for some time in the Soviet media to the Polish leadership, the Soviet broadcast said that the refusal of the authorities to make concessions in token strikes by Polish dock-workers and airline staff had been met with understanding by the Polish working-class.

Tourism facing deficit Continued from Page 1

we are still hopeful that we will do as well as last year," it says—although privately there seems to be some doubt.

British Airports Authority figures suggest that the early trend showing a decline in 1981 has continued, even though the number of Britons going abroad (up by at least 5 per cent and perhaps 10 per cent) has helped to counterbalance the fall.

Nonetheless, the figures to the end of May showed a 3.5 per cent drop in traffic to CAA airports—Heathrow suffering particularly.

The causes of the fall-off are numerous—the world recession, the strength of sterling in the main winter booking season, London's image as an expensive city and the Irish problems among them.

However, the air traffic controllers' action appears to have taken away such icing as was left as a result of the Royal Wedding.

"People who planned to go to several European cities are dropping London," said Mr Derby. "Some of those who do come are being caught up in airport delays and telling their friends back at home. It is desperately sad, we are trying so hard at the moment."

Mr Dev Anand, operations director of Expotel, one of Britain's largest hotel booking agencies and owners of Keith Prowse, estimated that London's middle and up-market hotels were operating at about 65 per cent of capacity at the moment (two years ago the figure would have been nearer 75 per cent).

"In the week of the wedding this will probably go up to 80-85 per cent. That will be good business, but it still means it will not be difficult to get a room."

Mr Anand went on: "The sad thing is that whereas two or three years ago there were hoteliers who were getting on the greedy side, now they are giving quite reasonable rates."

Business travellers were putting up with the problems but as far the tourist was concerned "this controllers nonsense is not helping at all. It was generally agreed that the most useful aspect of the Royal Wedding was the presence of large numbers of journalists and TV crews in London, most of them filing regular material on Britain's royalty, traditions and tourist attractions.

The BTA has set up a special division to encourage visiting journalists to take a sympathetic view of the nation's tourist delights. Already America's NBC, one of the big three networks, is planning to do an hour a day coast-to-coast from the British capital.

"This is the sort of publicity that the BTA could never afford to buy," says the authority.

Futures market members picked today

BY DAVID MARSH

THE FIRST batch of membership places on London's new financial futures market will be allocated today.

The futures exchange, intended to start next spring or summer, will allow trading in forward contracts in currencies and interest rate instruments. Participants, including banks, brokers and individuals, will use the market both to insure against risks and to speculate on fast-moving foreign exchange and credit markets.

The group of City institutions backing the exchange have offered for sale about 200 membership seats at an initial price of £20,000 each. The offer attracted 342 applications from 223 different financial institutions and individuals, with many putting in bids for more than one seat.

The successful applicants will be decided today by the steering committee organising the exchange, headed by Mr John Barkshire, chairman of Mercantile House, the money brokers.

The selection looks unlikely to be made on the basis of a ballot, as had been thought originally. Instead the committee will choose the initial list of members and seats "according to the kind of role they will be performing," according to Mr Michael Jenkins, the managing director of the exchange.

Would-be participants, including all the big British banks as well as commodity brokers and other financial institutions from the UK and abroad, had to give details of their expected trading roles when filing applications.

Applicants rejected by today's meeting will have a second chance to join when the committee offers a second batch of 200 membership places — at a higher price yet to be decided —later this year.

Mr Jenkins said the exchange is keen to encourage not only large institutions but also "smaller people and individuals."

One possibility for the next offer is to look for individual traders who could be backed financially by larger groups.

Although British companies see the possibilities of using the market to lower financial risks, corporate treasurers are taking a cautious line.

According to Mr Gerry Leahy, treasurer of Unilever Limited and the representative of the Association of Corporate Treasurers on the financial futures steering committee, only a handful of companies are likely to use the London market from the start.

Mr Leahy said companies might eventually get used to working with financial futures. "But we need to be very careful. The first thing that hits you is that the question of speculators keeps popping up. If there's one thing that makes a company board reach for the aspirin, it's mention of speculation."

Mr Roy Gamble, general manager in charge of Treasury operations at Midland Bank and deputy chairman of the steering committee, agreed that the London market initially will have a lot to learn from the Chicago exchanges, where financial futures have been booming since the mid-1970s.

But in the long run "the market will develop because of the strength of London as a financial centre—which is far superior to Chicago," Mr Gamble said.

Weather

UK TODAY

CLOUD and rain moving eastwards during the day. Brighter weather spreading from west later.

SE and E England
Bright at first, becoming cloudy with a little rain. Max. 21C.

Central S and SW England, Channel Isles, Wales
Cloudy, rain at first, coast and hill fog. Brighter later. Max. 20C.

Midlands, Central N and NW England, Lakes
Cloudy, rain spreading from west, hill fog patches. Max. 20C.

IoM, N Ireland, W Scotland
Cloudy, rain at first, coast and hill fog patches, brighter later. Max. 18C.

NE England, Borders, Edinburgh, Dundee, Glasgow, Highlands
Bright at first, outbreaks of rain, brighter later. Max. 20C.

Aberdeen, Moray Firth, NE Scotland Orkney and Shetland
Bright at first, rain later. Max. 17C.

Outlook: Changeable.

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	London	C	19	66
Algiers	S	26	79	L. Ang.†	Cl	19	66
Amsdm.	C	17	63	Luxmbg.	C	17	63
Athens	S	26	79	Luxor	S	39	102
Bahrain	F	34	93	Madrid	S	28	82
Barclna.	S	25	77	Majorca	S	27	81
Beirut	S	27	81	Malaga	S	26	79
Belfast	C	16	61	Malta	F	26	79
Berlin	C	24	75	M'chstr.	C	16	61
Biarritz	C	20	68	Melbne.	C	10	50
Bmghm.	C	18	64	Mx. C.†	—	—	—
Blackpl.	C	15	59	Miami†	C	26	79
Bordx.	C	22	72	Milan	S	28	82
Boulgn.	C	16	61	Montrl.†	F	22	72
Bristol	C	18	64	Moscow	S	25	77
Brussels	C	18	64	Munich	C	19	66
Budpst.	F	28	82	Nairobi	C	20	68
Cairo	S	33	91	Naples	F	24	75
Cardiff	C	17	63	Nwcstl.	C	14	57
Cas'b'ca	S	25	77	N York†	C	26	79
Cape T.	C	14	57	Nice	S	26	79
Chicg.†	R	25	77	Nicosia	S	28	82
Cologne	C	20	68	Oporto	S	27	81
Conhgn.	F	21	70	Oslow	C	18	64
Corfu	S	28	82	Paris	C	18	64
Denver†	C	21	70	Perth	C	14	57
Dublin	C	15	59	Prague	C	23	73
Dbrvnk.	F	26	79	Rykjvk.	C	13	55
Ednbgh.	C	14	57	Rhodes	S	29	84
Faro	S	29	84	Rio J'o†	—	—	—
Florence	F	32	90	Rome	S	27	81
Frankft.	C	22	72	Salzbrg.	R	17	63
Funchal	F	22	72	S'cisco†	C	12	54
Geneva	C	21	70	S'iago†	—	—	—
Gibrltr.	S	24	75	Stckhm.	F	26	79
Gl'sg'w	C	14	57	Strasbg.	C	23	73
G'rnsey	C	15	59	Sydney	C	10	50
Helsinki	S	25	77	Tangier	S	28	82
H. Kong	F	31	88	Tel Aviv	S	27	81
Innsbrk.	C	21	70	Tenerife	S	24	75
Invrnss.	C	18	64	Tokyo	F	30	86
I.o.Man	C	15	59	T'r'nto†	C	23	73
Istanbul	F	27	81	Tunis	F	29	84
Jersey	C	16	61	Valencia	S	28	82
Jo'burg	S	18	64	Venice	F	29	84
L. Plms.	S	24	75	Vienna	S	28	82
Lisbon	S	32	90	Warsaw	S	27	81
Locarno	F	26	79	Zurich	F	20	68

Cl—Clear. C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

هكذا من الأصل

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